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Government relocation assistance programs, designed to move unemployed workers from areas where suitable employment opportunities do not exist to areas where jobs are available, were examined in detail for Sweden, the United Kingdom, France, Canada, and the United States and briefly for Norway, Denmark, Holland, Belgium, West Germany, and the European Coal and Steel Community. Data were derived from interviews with labor market authorities in each country. Generally, relocation assistance in each country covered the cost of transportation from the home area to the new place of employment, the cost of the removal of personal possessions, and a starting or settling-in allowance. Major deterrents to mobility included: (1) lack of adequate housing in areas with employment opportunities, (2) reluctance to leave the home area and (3) lack of knowledge of the availability of relocation assistance. Efforts to bring jobs to depressed areas through inducements to industry should be supplemented with efforts to move the unemployed, or underemployed worker to areas where employment is available. Nineteen tables are included. (ET)

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89th Congress }
2d Session }

JOINT COMMITTEE PRINT

ECONOMIC POLICIES AND PRACTICES

PAPER NO. 8

PROGRAMS FOR RELOCATING WORKERS USED BY GOVERNMENTS OF SELECTED COUNTRIES

MATERIALS PREPARED FOR THE
JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION

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LETTERS OF TRANSMITTAL

JANUARY 26, 1966.

To Members of the Joint Economic Committee:

Transmitted herewith are materials examining the use of relocation assistance by governments to promote the mobility of unemployed workers from labor surplus areas to areas where employment is available. This study is particularly timely because the United States, for the first time, is carrying out a series of labor mobility demonstration projects aimed at moving various types of unemployed workers. While relocation assistance programs in 10 countries and the European Coal and Steel Community are used in this study, particular emphasis has been placed on the programs used in Canada, France, Sweden, the United Kingdom, and the United States.

This study, "Programs for Relocating Workers Used by Governments of Selected Countries" was prepared at the request of the committee by Prof. Martin Schnitzer of the Department of Business Administration, Virginia Polytechnic Institute. It is paper No. 8 of the series on *Economic Policies and Practices*. Study paper No. 5 of this series, entitled "Unemployment Programs in Sweden," was also prepared by Professor Schnitzer and published early in 1964.

The papers in the series on economic policies and practices are being issued as aids to an increased understanding of economic policies and institutions in the various industrial countries. I believe that by making data more readily available for a comparison of national policies and practices in various areas, not only members of our committee but, also, other Members of the Congress and the general reader will be aided in understanding economic problems within the framework of the enterprise and free market "rules of the game" as practiced by the leading industrial nations. In these papers, the views expressed are exclusively those of the authors and do not necessarily represent the views of the committee or individual members thereof.

Sincerely,

WRIGHT PATMAN,
Chairman, Joint Economic Committee.

JANUARY 24, 1966.

Hon. WRIGHT PATMAN,
Chairman, Joint Economic Committee,
U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Transmitted herewith is a paper entitled "Programs for Relocating Workers Used by Governments of Selected Countries," prepared by Prof. Martin Schnitzer of the Department of Business Administration, Virginia Polytechnic Institute, for the committee's series on *Economic Policies and Practices.* The paper is presented as prepared by Professor Schnitzer.

The materials for this study were derived from the author's interviews with labor market authorities in the French Ministries of Labor and Agriculture, the Swedish National Labor Market Board, the British Ministry of Labor, the British National Coal Board, the British Railways System, and the Organization for Economic Cooperation and Development. Interviews were held also with State employment personnel in the United States who have been responsible for the management of the labor mobility demonstration projects. The study was financed largely by a grant awarded the author by the American Philosophical Society.

Sincerely,

JAMES W. KNOWLES,
Executive Director.

PREFACE

The purpose of this monograph is to examine government relocation assistance programs designed to move unemployed workers from areas where suitable employment opportunities do not exist to areas where jobs are available. Relocation assistance will be looked at from the standpoint of a policy device which can be used to reduce regional unemployment. It is the premise of the monograph that policies aimed at attracting industries to problem areas are not sufficient, for the reason that some areas lack the economic base to attract industry. In several countries, geographical isolation of many areas from the market and population centers make the areas unattractive to industry. In most of the countries used in the study, a decline in employment in particular industries—coal mining, shipbuilding, etc.—is responsible for high unemployment rates in various regions. The workers who become unemployed often do not possess the requisite skills to be reabsorbed into employment in the home region, but can be readily employed in regions where labor is in short supply.

Countries used in this study are: Belgium, Canada, Denmark, France, Holland, Norway, Sweden, the United Kingdom, the United States, and West Germany. All have relocation assistance programs. To some countries, Sweden in particular, relocation assistance is an important instrument of overall employment policy.

Relocation assistance refers to the payment of travel expenses to the new place of employment to unemployed workers who cannot secure employment in their home areas. A removal allowance for the cost of moving furniture and other household effects is usually included. Family allowances are often paid to workers who cannot find housing for their families in the new place of employment. Starting allowances are also often paid to workers to help them exist until the first pay day.

The materials for this study were derived from interviews with labor market authorities in the French Ministries of Labor and Agriculture, the Swedish National Labor Market Board, the British Ministry of Labor, the British National Coal Board, the British Railways System, and the Organization for Economic Cooperation and Development. Interviews were also held with State employment personnel in the United States who have been responsible for the management of the labor mobility demonstration projects.

The author wishes to thank the following people who assisted him in obtaining the materials for the monograph: Mr. Charles Stewart, labor representative attached to the U.S. mission to the Organization for Economic Cooperation and Development; Mr. Gosta Rehn, head of the Swedish mission to the same organization; Mr. Richard Searing, former assistant labor attaché at the American Embassy in Paris; Mr. Thomas Byrne, labor attaché at the American Embassy in London;

Miss Barbara Green, of the British Ministry of Labor, and Mr. Duncan Rutter, of the National Coal Board; Mr. Jorma Kaukonen, labor attaché at the American Embassy in Stockholm, Sweden, and Mr. Curt Canarp of the Swedish National Labor Market Board; Mr. Seymour Brandwein and Mr. Howard Carpenter, of the U.S. Department of Labor; and, finally, Mr. John Elliott and Mr. Randolph Bruce, of the Virginia Employment Commission; Mr. Robert Lofaso, of the North Carolina Fund; Mr. Harry Parker, of the West Virginia Department of Employment Security; and Mr. Samuel Evans, of the Kentucky Department of Employment Security.

The author also wishes to acknowledge the financial support for travel to Europe which was given by the American Philosophical Society.

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PROGRAMS FOR RELOCATING WORKERS USED BY GOVERNMENTS OF SELECTED COUNTRIES

CHAPTER I

GENERAL BACKGROUND OF RELOCATION PROGRAMS

INTRODUCTION

The purpose of this study is to review and evaluate programs used in the following countries to relocate unemployed workers: Belgium, Canada, Denmark, France, Holland, Norway, Sweden, the United Kingdom, the United States, and West Germany. The worker readaptation program with reference to unemployed coal and iron ore miners which is used by the Common Market countries is also included.

The theme of the study is taken from an article which appeared in Lloyds Bank Review titled, "Must We Always Take Work to the Workers?"[1] The premise of this article is that unemployed or underemployed workers living in areas with inferior employment opportunities should be assisted to move to areas with more favorable opportunities by a Government-sponsored program of relocation allowances. Too much emphasis is placed on subsidies to induce industry to locate in problem areas. It is necessary to recognize that many areas do not have the resource base to attract industry regardless of the subsidies used.

This study will attempt to answer several questions which are of direct relevance to the U.S. programs for depressed areas. These questions are as follows:

1. What is the relative emphasis in the Western European countries with respect to moving unemployed workers to areas where employment is available as opposed to overall employment programs including subsidies to attract industry to depressed areas?
2. Do the European and Canadian experiences with relocation allowances to stimulate the mobility of the unemployed suggest policy recommendations for our own relocation program which is being carried out under the revised Manpower Development and Training Act?
3. Has there been a shift in attitudes and policies which involve the use of relocation allowances to induce the mobility of the unemployed?[2]

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[1] H. W. Richardson and E. G. West, "Must We Always Take Work to the Workers?" Lloyds Bank Review, No. 71, London, January 1964, pp. 35–49.

[2] The use of relocation allowances to move the unemployed has increased in importance relative to other employment-creating measures in England and Sweden. Canada and the United States have new programs. France has started a more comprehensive program in the last 3 years.

Regional differences in unemployment rates tend to be a persistent phenomenon in all industrial countries, because of barriers to the geographical mobility of labor and capital in the face of structural changes in the economy. General fiscal and monetary measures aimed at stimulating aggregate demand have in some countries succeeded in causing general overall inflation without seriously denting the problem of regional unemployment. Such policies, although effective in lowering the national unemployment rate, fail to a major extent to reduce regional unemployment for the reason that a combination of factors—lack of mobility, lack of skills, and age—serve to keep a number of people unemployed.

Attempts to rehabilitate a depressed area through the use of subsidies to industry, and public works projects to improve the infrastructure of the area, are only going to be partially successful in solving the problem of unemployment. Such devices are of little use to some depressed areas whose economic base has vanished. Also, the gains used by subsidizing the location of industry in depressed areas must be weighed against the losses suffered by the economy as a whole when industry is induced to refrain from operating in other areas where overall production costs are lower.

The existence of unemployment in certain localities and regions means that the national income is at a lower level than might otherwise be attained. If a government wishes to reduce this unemployment, it is faced with the problem of whether labor should be stimulated to move to areas where jobs are available, or whether industry should be stimulated to move to localities and regions where labor is unemployed.

The latter approach is favored by all of the countries used in the study. The attempt to influence the location of industry in depressed areas usually takes two forms: compensation, by means of Government subsidies to industry, to localities and regions because of their lack of resources for production; and efforts to create, through various means such as public facilities construction, external economies in certain localities where such economies are poorly developed, but where the natural resources for certain types of industry are good.[3]

There is another factor which favors the location of industry approach. As labor markets and space have become increasingly tight in such metropolitan areas as London and Paris, there has been a trend toward greater emphasis on policies designed to encourage firms to locate in less industrialized and less congested areas where supplies of unemployed or underemployed workers may be found. Such policies are regarded as a means of combating wage-push inflation in the more congested areas.

Arguments supporting the movement of workers to jobs

Richardson and West, in their well reasoned article, advance three important reasons for moving the unemployed to areas where employment is available.[4]

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[3] The Area Redevelopment Act would include the first form. The act provided long-term loans at low rates of interest to attract new businesses to locate in depressed areas or to help expand established businesses within the area. The Public Works Acceleration Act would include the second form. The construction of new public facilities, it is believed, will make a community more attractive to industry.

[4] Richardson and West, op. cit., pp. 25–30. The authors, who are lecturers in economics in the University of Newcastle upon Tyne, are arguing for a more diversified approach to the problem of regional unemployment.

Also, one might note the publication, "Conditions Favorable to Faster Growth," National Economic Development Council, Her Majesty's Stationery Office, London, 1962.

1. In order to have a high rate of economic growth, there has to be a high degree of labor mobility. However, there is a bias against encouraging labor mobility as a method of dealing with regional unemployment. It is argued that it is easier to persuade industry to locate in problem areas than it is to persuade the unemployed to move from these areas to a new environment. Financial inducements can get industry into a problem area, whereas the lack of mobility of the unemployed is not as easily overcome, since the immobility stems from an innate unwillingness of people to uproot themselves.

2. High mobility of labor as well as capital characterizes the purely laissez-faire economy. Yet in the mixed economy of today, Government intervention is directed toward the mobility of capital only, leaving market forces to determine the mobility of labor. The assumption is that capital needs the inducements to locate in a particular area, but labor needs no particular inducement to leave the area.

3. To reduce the relatively high rate of unemployment in various regions, it is necessary to apply a number of employment measures, since each measure by itself is likely to make only a marginal reduction in employment. To base the solution of the depressed areas problem on one approach—which is the attraction of industry to the less prosperous areas—is not likely to be fully successful. Since the overriding criterion of depressed areas policy is the reduction of unemployment, some of those who are unemployed could be expected to move, given suitable financial inducements. This movement would help alleviate labor shortages in rapidly expanding regions.

An argument that is often advanced in favor of moving industry into depressed areas is that outmigration of people from these areas creates a surplus of social capital. What is chiefly referred to here is that houses, roads, schools, and public utilities are underutilized. To further the outmigration of the unemployed through relocation assistance is to speed up the deterioration of social capital within the depressed area. Sound conservation of resources requires that social capital invested in communities should not be abandoned when it is feasible to save such capital.

This argument when applied to many problem areas is unconvincing. The shifts in labor envisaged to reduce unemployment are small. Assume the objective is to reduce unemployment in a region from 5 to 2 percent, and assume that half of these unemployed are to be provided with jobs within the region while half will move. This means that only 1½ percent of the total labor force will be required to move. An exodus on that limited scale is unlikely to lead to the wastage of social capital. Admittedly, this reasoning is against the background of regional unemployment in Great Britain which is much lower than unemployment in many areas in the United States. Much social capital in these areas is already underutilized.

Assar Lindbeck, professor of economics at the University of Stockholm, in disagreeing with Swedish policies to attract industry into depressed areas, makes the following recommendations:[5]

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[5] Assar Lindbeck, "Location Policy in Sweden," Skandinaviska Banken, Quarterly Review, June 1964, pp. 41–51.

1. Avoid compensating by means of subsidies, industries, and localities which lack natural facilities for industrial activity. Also avoid compensating, by means of subsidies, localities for their lack of external economies.
2. Let the structure of industry in the country follow the natural resources of the various parts of the country. Allow some regions to assume the character of forest areas, natural reserves, or recreational areas, if the comparative advantages for these regions are to be found in such areas.
3. Make the greatest possible attempt to solve the unemployment problem in northern Sweden through moving the unemployed away from regions that lack the resources to attract industry. By all means, compensate labor generously for the inconvenience and costs associated with retraining and movement.

Lindbeck does not argue for the mass evacuation of depressed areas. He believes in limiting industrial location policy measures to areas with good development potential.[6] He realizes that measures to promote mobility of labor out of the depressed areas may not be effective in some cases for a number of reasons. Nevertheless, he contends that not every depressed area must or should have industry to absorb the unemployed. He advocates a selective location policy which is aimed at the improvement of localities and areas with the greatest chance of being saved.

STATEMENT OF THE PROBLEM

Certain characteristics are common to the economies of all of the countries used in this study. These characteristics are as follows:

1. Although the unemployment rate in most of the countries is low by any standard, regional unemployment at a rate well above the national average exists.[7] In the United Kingdom, for example, the unemployment rate in Northern Ireland is several times greater than the national average. The unemployment rate in Scotland is almost twice as high as the national average.[8] In the United States, unemployment rates in some counties in the Appalachian Region are two to three times the national average.[9] In Sweden, two provinces in the northern part have had unemployment rates which were four times the national average.
2. There has been a pronounced decline in employment in certain industries. The workers who are laid off are often unskilled and semiskilled and are more difficult to absorb into other employment. Whole areas are affected by the decline of an industry. In Sweden, there has been a decline in employment in the paper and pulp industry in the northern and central parts of the country. The textile and shipbuilding industries have also suffered declines in employment. Much of the unemployment in the United King-

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[6] Ibid., p. 51.

[7] The unemployment rate is the highest in the United States. However, differences in measuring unemployment complicate national comparisons.

[8] The unemployment rate is for all of Northern Ireland and Scotland. The unemployment rate in given areas in Northern Ireland and Scotland could be much less or much more than the average rate.

[9] The current unemployment rate in Bell and Martin Counties (Kentucky) is 12.2 percent and 20.7 percent, respectively. The unemployment rate for Lee County (Virginia) is 12.8 percent. The unemployment rate for McDowell and Mingo Counties (West Virginia) is 11.8 percent and 15.5 percent, respectively. These rates (August–September) may be compared to the national average of 4.6 percent.

dom has also been in areas with declining industries. In Scotland the problem is associated with a decline in employment in coal mining. In Northern Ireland, there has been a decline in shipbuilding. In Norway, there has been a decline in employment in the forest and fishing industries. In France, much unemployment has been associated with the textile and coal mining industries. Technological change in these industries will accentuate further the problem of regional unemployment.

3. In several countries, but notably France, there is a surplus of farm labor. With the attempt to achieve balanced economic growth throughout France, an effort is being made to get these workers off of the land into occupational areas that are in short supply. The same is true to a lesser extent in Sweden.

4. In most countries, but notably France and Great Britain, the problem of urban congestion has favored policies aimed at industrial decentralization. In France, a conscious attempt has been made to restrict further industrial development in the Paris area. Subsidies of varying magnitudes are offered to industry to attract it to other areas in France.[10] In London, control over building permits has the effect of forcing industries to other areas. The shortage of labor and space in the large metropolitan areas has brought about greater reliance on policies designed to encourage firms to locate in less industrialized and less congested areas.

5. The lack of adequate housing in the larger cities appears to be a common denominator in most of the European countries used in the study. In Great Britain, lack of adequate housing is the major reason why workers receiving resettlement allowances return to the home area. The same problem exists in Sweden and France. The lack of housing probably has reduced the number of workers who would utilize relocation assistance by a considerable amount.

The majority of European countries have had provisions for relocation allowances throughout the greater part of the postwar period. Great Britain has had a program for moving unemployed workers since the early part of the 1930's. Although there has been a shift in emphasis toward the decentralization of industry and toward policies designed to encourage firms to locate in the depressed areas where supplies of unemployed or underemployed workers may be found, policies exist providing for the payment of relocation allowances to the unemployed, and in some countries, notably in Great Britain and Sweden, have been made decidedly more liberal in recent years.

The public employment service in most countries handles the administration of the relocation allowances. Usually, an effort is made to find employment for the worker before he leaves the home area. Once a position is found in another area, the worker is referred to the employment office in that area for placement. In many cases, job retraining has preceded the relocation of the worker. In Sweden, if the worker does not have the requisite skills for employment in another area, he is given job retraining in a center nearest the home area and then assisted to move to an area where the job is available.

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[10] France uses a system of sliding assistance to industry. The country is divided up into four zones. The extent of the aid to industry depends on the zone. There is a problem zone encompassing most of Normandy and Brittany in which an industry can receive the full amount of subsidies. There are two intermediate zones in which the amount of the aid decreases, and the Parisian zone, extending roughly from Soissons to Orleans, in which no aid is given to industry.

Eligibility for relocation allowances is confined to workers who are unemployed and are experiencing problems in finding employment in the home area. This eligibility is not necessarily limited to unemployed workers in depressed areas. More important is the inability of the worker to secure employment in the home area. In Sweden and Great Britain, however, workers who are likely to become unemployed are also eligible for relocation allowances. Reports of impending layoffs by firms to the Swedish employment service are usually given 2 months in advance. In France, relocation allowances are used as a device to get underemployed farmworkers off of the farms and into industry. In Canada, relocation of the unemployed is regarded as a part of a program against poverty.

The great majority of workers moved under the various programs of relocation assistance are unemployed and come from depressed or underdeveloped areas. In Great Britain and Sweden, 80 percent of the workers who receive the relocation allowances come from areas of high unemployment.

CHAPTER II

UNITED KINGDOM*

INTRODUCTION

The problem in the United Kingdom is basically one of regional unemployment. Although the unemployment rate in the United Kingdom is low—averaging around 1.6 percent—there are regions which have a much higher rate of unemployment. These regions are Scotland, with an unemployment rate of 3.4 percent; Wales, with a rate of 2.7 percent; Northern Ireland, with a rate of 6.8 percent; and the northern region (Northumberland, Cumberland, Durham, and the North Riding of Yorkshire), with a rate of 2.9 percent.[1] These unemployment rates may be contrasted with the rate of 0.9 percent in London, 1.3 percent in the Midlands, and 1.1 percent in Yorkshire and Lincolnshire.[2]

Government assistance to unemployed workers moving to take jobs in new areas has been available for more than 30 years. During the depression, there were relocation schemes for which the legislative authority was contained in unemployment insurance legislation. In 1946 the resettlement transfer scheme was introduced along roughly its present lines. Its purpose was to facilitate the mobility of the unemployed in those areas designated as "development districts" under the Distribution of Industry Act of 1945. The current relocation program, although limited to the development districts, is no longer limited exclusively to those who are unemployed.

STATEMENT OF PROBLEM

British economic policy over the last 20 years, if judged in terms of the objective of maintaining a high level of employment and disregarded from the standpoint of inflation, has been very successful. Unemployment, expressed as a percentage of the total number of workers in Great Britain, has not exceeded 3 percent. However, some regions have had an unemployment rate which has been consistently higher than the national average. These regions include Scotland, Northern England (the northern region), and Wales. Problems exist in these regions and in Northern Ireland which seem to resist all attempts to make an appreciable reduction in the unemployment rate. Lucrative inducements to industry to set up opera-

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*The United Kingdom includes Northern Ireland, Scotland, Wales, and England. Great Britain includes only the last three territorial units. Northern Ireland, as pointed out in a later footnote (*16*) has autonomy from Great Britain.

[1] As of March 1965. The September rates are a little less for most of the regions.

[2] British unemployment statistics are based on a count of unemployed registrants at employment exchanges and youth employment offices. Registrants include persons seeking unemployment benefits; unemployed workers who are not eligible for benefits but who wish to apply for national assistance grants; and those who are not eligible either for benefits or grants but wish to use the services of the employment exchanges. In terms of the American system, the British unemployment rate is understated by about 0.8 percent. (See appendix A to the "Report of the President's Committee on Measuring Employment and Unemployment.")

tions in these regions have at best stabilized the rate of unemployment.

The unemployment rate in Scotland and the northern region has always been consistently higher than that for Great Britain in general. The table below affords an interesting comparison:

TABLE 1.—*Unemployment rates in Scotland, northern region, and Great Britain, for selected years*

[In percent]

Year	Scotland	Northern region	Great Britain
1923-27	13.8	15.2	10.9
1930-34	24.4	27.5	19.0
1938-39	14.9	17.7	10.3
1948-52	3.0	2.4	1.6
1960-62	3.6	3.4	1.7

Source: British White Papers No. 2188—"An Inquiry into the Scottish Economy," and No. 2206, "The North East, A Program for Regional Development and Growth," pp. 44 and 43 respectively.

Northern region

The northern region includes the areas of Northumberland, Durham, and the North Riding of Yorkshire. It has been consistently an area of unemployment except for the period 1951–57 when the unemployment rate approached the national average. Since 1957, the unemployment rate has been about 50 percent above the national average.[3]

The main cause of the unemployment problem lies in the structure of the region's industries. In 1962, 45 percent of the male jobs in the region depended on coal mining, shipbuilding, chemicals, metal manufacturing, and heavy engineering. The employment trend in the first two industries has been downward, and stationary in the last three.

Coal mining, the major industry in the region, employed 16 percent of the total male work force in 1963. However, much of the coal production is uneconomical, pits are closing, and employment is dropping sharply. Many miners have been moved to more profitable coal mines in North Staffordshire and elsewhere through the use of relocation allowances granted by the National Coal Board.

The second most important industry is shipbuilding, ship repairing, and marine engineering. This industry has been affected adversely by a shortage of orders which has arisen from world overcapacity. In 1962, the unemployment rate in this industry was 10 percent; since 1952, employment in shipbuilding has fallen 16 percent.

Scotland

The Toothill report on Scotland states as follows: "For half a century high unemployment and persistent net emigration, coupled with slow overall economic and population growth, have been features of the Scottish economy."[4]

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[3] British White Paper No. 2206, "The North East, A Program for Regional Development and Growth," Her Majesty's Stationery Office, p. 44.

[4] British White Paper No. 2188, "An Inquiry into the Scottish Economy," (known as the Toothill Report), Her Majesty's Stationery Office, p. 47.

Unemployment since the end of the Second World War has persisted at twice the national average. Even an outmigration of 280,000 persons from 1951 to 1961 has failed to have any appreciable effect on unemployment. In fact, the unemployment rate in 1965 is considerably higher than it was in 1951. The reason for the high unemployment rate is the continuing loss of employment in coal mining, shipbuilding, marine engineering, and metal manufacturing. Employment in the primary industries—agriculture, forestry, fishing, and quarrying—has also declined.

From 1959 to 1962 there was a decline in employment of 26,300 in the primary industries and 32,000 in such manufacturing industries as those mentioned above. This decline of 58,300 was offset by a gain in employment of 62,000 in the service industries and 47,900 in such industries as electronics, electrical engineering, and machine tools. However, cross mobility from coal mining and shipbuilding to services and electronics is not common.

Northern Ireland

Northern Ireland has consistently had the highest rate of unemployment of any region in Great Britain. From 1951 to 1961, the unemployment rate in Northern Ireland was four times the rate for Great Britain. In March 1965 the unemployment rate in Northern Ireland was 6.8 percent compared to 1.6 percent for Great Britain.[5]

The high rate of unemployment may be attributed to a steady decline in employment in agriculture, shipbuilding, and textiles. Over the last decade the development of new industries and the increase of employment in services has not kept pace with the rise in the working population and the fall in employment in the old established industries.

Wales

The unemployment rate in Wales is a little less than twice the national average. The problem in Wales is similar to those of the other three regions. Added problems are a decline in railroad employment and the relative inaccessibility of many parts of Wales to the rest of Great Britain.

Conclusion

It may be said that the basic reason for the imbalance of unemployment is that certain industries in which major changes have been taking place tended to be located in these regions. Most of the early industrial development in Great Britain took place close to coal, iron ore, and adequate water supplies. Employment in many long-established industries has been declining; the unemployment and migration resulting from industrial contraction has been the worse because these declining industries require many unskilled and semiskilled workers per unit of output.

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[5] British White Paper No. 1835, "Report of the Joint Working Party on the Economy of Northern Ireland," (known as the Hall Report), Her Majesty's Stationery Office, p. 89.

The scale of the changes in employment is indicated in the following table:

Table 2.—*Decrease in employment for selected industries in Great Britain, 1953–64**

Industry	Decline in employment (thousands of workers)	Percentage decline
Textiles	181	19
Mining and quarrying	223	25
Shipbuilding	77	27
Agriculture, forestry, and fishing	201	18
Railroads	120	25

*The Labor government foresees a continued decline in employment of 400,000 workers in agriculture, mining, and transportation and a decline in employment of 200,000 workers in aircraft, textiles, and shipbuilding over the next 5 years.

THE RELOCATION OF WORKERS

It can be said that British policies aimed at regional unemployment and economic development are based primarily on the principle of bringing work to the unemployed workers.[6] The Local Employment Act of 1963 enables the Board of Trade to offer cash grants of 25 percent of building costs and 10 percent of plant and machinery costs to firms locating in development districts in addition to other forms of assistance available under the Local Employment Act of 1960.[7] The Finance Act of 1963 permits free depreciation to firms locating in development areas. The firm can write off its capital expenditures on plant and equipment at whatever rate it chooses.[8] Northern Ireland, under a separate program, also offers a cash subsidy per job created for firms locating in its territory.[9]

However, three separate programs for moving unemployed workers to jobs exist in Great Britain. These programs are administered by the Ministry of Labor, the National Coal Board, and the British Railways System. There is also a separate program which is administered by the Government of Northern Ireland.

Although coal and railroads are nationalized industries, their relocation programs are considered to be employer programs, since they are financed out of receipts of the industries.[10] Unemployed workers in the coal and railroad relocation programs are moved within the industries. A coal miner who becomes unemployed in a mine in Scotland can transfer to another mine where employment is available. Since a considerable reduction in employment has occurred in coal mining and railroading, it has made sense to compartmentalize relocation programs under the agencies directly responsible for the administration of these industries.

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[6] Apparently, this policy will change somewhat under the national plan. Grants and allowances have been increased to relocated workers since the Labor Party came to office.

[7] Local Employment Act of 1963, secs. 1 and 2.

[8] The Finance Act of 1963, secs. 1 to 5.

[9] For a complete description of subsidies offered in Northern Ireland, see "Manufacturing Opportunities in Northern Ireland," published by the Ministry of Commerce in Northern Ireland.

[10] However, unemployment in coal mining is not a phenomenon which is limited to Great Britain. It is a problem in Belgium, France, West Germany, and the United States. The unemployed coal miner is moved under some sort of scheme in these five countries. The unemployed coal miner in Great Britain would be eligible for resettlement allowances; therefore, it makes little difference as to which agency moved him.

RELOCATION PROGRAMS UNDER THE MINISTRY OF LABOR

There are three separate programs which are administered by the Ministry of Labor which are as follows:

The resettlement transfer scheme

This program is designed primarily to assist unemployed workers with poor employment prospects in their home areas to move to jobs in other areas for the purpose of resettling permanently in the new areas or until such time that work may be available nearer their homes. The current program has been in existence since 1948 when the Employment and Training Act was passed.[11] The actual relocation of unemployed workers is carried out under this scheme. Workers who are expected to be redundant are also eligible for assistance.

Key workers scheme

This program is intended to assist employed workers who are transferred either permanently or temporarily beyond daily traveling distance of their homes to key posts in plants which their employers are setting up in development districts, i.e., areas with high unemployment rates and a slower rate of economic growth.[12] Transfers must be approved by the Ministry of Labor. However, it must be demonstrated that workers of the same type cannot be found in the development area. This transfer scheme is also limited to workers who earn £1,500 or less.

The nucleus labor force scheme

This scheme assists firms that are setting up new factories in areas of high unemployment to recruit unemployed workers living in those areas for the purpose of transferring them temporarily to parent factories for training. On completion of training, and when the new factories are ready for occupation, the workers are returned to the home area to form a trained nucleus labor force ready to start the new factories into production. All training arrangements must be approved by the Ministry of Labor.

During transfer, certain of the provisions of the resettlement transfer scheme are available for a maximum period of 2 years from the date training starts.

Eligibility

The resettlement transfer scheme applies to unemployed men and women:[13]

1. Who have no early prospect of obtaining regular employment in the home area;
2. Who transfer beyond daily traveling distance of their homes to employment in new areas;
3. Whose transfer has the approval of an employment exchange as suitable for assistance under the scheme; and
4. Who are not entitled to similar allowances from their employers.

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[11] Pt. I, sec. 5 of the act, pp. 4 and 5.

[12] The keyworkers scheme is a provision of the Local Employment Act of 1960 (Pt. I, sec. 6), pp. 4 and 5.

[13] Eligibility requirements do not pertain to the keyworkers scheme. The worker is not unemployed but is a keyworker.

The scheme also applies to men and women who are expected to become redundant, i.e., laid off at some date in the immediate future. The scheme is not limited to depressed areas exclusively.

The schemes do not apply to persons taking employment whose remuneration exceeds £1,500 a year.[14]

A person who qualifies for grants and allowances is, after 6 months from the date of transfer, required to decide whether he wishes—

1. To remain in the new area; or
2. To return to the home area as soon as suitable work is provided for him.

Relocation assistance available

A. To all transferred workers whether they have dependents or not:

1. A free fare will be provided for the journey to take up employment in the new area.
2. Free fares for himself or his dependents in emergencies.
3. A settling-in grant of £5.

B. To transferred persons who continue to maintain dependents in the old home:

1. Lodging allowance: To assist a worker to meet the additional cost of living away from home, a contribution toward the cost of lodging will be paid at the rate of 70 shillings a week for a period of up to 2 years.[15]
2. Assisted fares for visits home: If the worker is entitled to receive lodging allowances, he is eligible to receive assistance toward the cost of fares to visit his home. He is expected to pay the first 12 shillings, 6 pence of the fare. Six assisted fares are available during a year.
3. Continuing liability allowance: If the worker's dependents join him in the new area and he is still liable for rent, mortgage interest, etc., for a house or apartment in the old area, the lodging allowance will cease, but a continuing liability allowance up to a maximum of 70 shillings a week will be paid.

C. Additional allowances available to workers who decide to resettle permanently in the new area with their dependents:

1. Household removal assistance: Payments will be made for the approved cost of the removal of furniture and personal effects of an ordinary private household, subject to the prior approval of the estimate by the employment exchange.
2. Incidental expenses: A grant of £30 will be paid toward incidental expenses on completion of the household removal to unfurnished accommodations.
3. Dependents' fares: A free travel warrant will be issued to enable the dependents to join the worker in the new area.
4. Sale and purchase of a house: A transferred worker who sells his house in the home area and/or buys a house in the resettlement area will receive a grant not exceeding £120 toward three-quarters of the cost of the solicitor's and house agent's fees incurred in

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[14] This rule pertains only to keyworkers who are transferred by their employers to labor surplus areas.

[15] Seventy shillings are worth approximately $9.80. One shilling is worth $0.14. The pound is worth $2.80. Shillings are divided into 12 pence (12d.).

transactions which are completed within 2 years of the date of transfer.

Results

As was stated previously, employment policy in Great Britain is aimed at taking jobs to the workers rather than workers to the jobs. Provisions under the 1960 and 1963 Local Employment Acts make it attractive for industries to locate in the development districts where unemployment is higher than the national average.

A comparison between the two approaches underscores the above point. From the passage of the Local Employment Act of 1960 to the end of 1964, the British Board of Trade has offered assistance to industries to the amount of £101 million. Relocation-of-workers schemes have cost the Ministry of Labor approximately £700,000.

The total costs and the number of workers moved under the Ministry of Labor's worker relocation program is presented in the following series of tables. It is necessary to point out that apparent increases in cost are reflected in part by an overall increase in benefits during the period involved in the tables. Although not reflected in the cost data presented, benefits were also increased in February of this year. An increase in the cost and in the number of workers moved under the program may be forecast over the next 5 years. The national plan of the current labor government recommends increased reliance on measures to stimulate the mobility of unemployed and redundant workers.

TABLE 3.—*Number of workers involved in Ministry of Labor relocation schemes*

Financial year*	Forward fares	Lodging allowances	Fares for home visits
1959-60	2,700	1,900	1,112
1960-61	3,400	2,600	1,736
1961-62	2,500	1,170	1,014
1962-63	1,911	1,962	905
1963-64	4,024	3,464	1,903
1964-65**	2,830	***2,381	1,435

* The financial year is from Apr. 1-Mar. 31.
** Apr. 1-Dec. 31, 1964.
*** From Apr. 1, 1964, to Mar. 31, 1965, 3,233 workers received lodging allowances.

Source: Information furnished by the Ministry of Labor. Unfortunately, the cost, while available, cannot be published. However, an approximate cost for the combined schemes is as follows: 1960-61, £105,000; 1961-62, £70,000; 1962-63, £78,000; 1963-64, £138,000; and 1964-65, £108,000. An effective cost comparison is hard to make, as allowances have been raised during the time period involved.

Owing to changes in coverage, the figures from 1959 to 1963 are not comparable to those for later years. Between 1950 and September 1962, the resettlement transfer scheme was restricted to unemployed workers moving from areas of relatively high unemployment to take jobs in other areas. Between 1957 and September 1962, a temporary transfer scheme was in operation to help workers with domestic responsibilities who were living in areas not designated in the resettlement transfer scheme and who needed to take temporary employment away from home until work at home became available. This scheme provided for lodging allowances but for no help with household removal. Features of the resettlement and temporary transfer schemes were combined in 1962 when the resettlement transfer scheme was extended to the whole country.

Table 4 presents a breakdown of legal and household removal expenses granted by number under the Ministry of Labor's relocation schemes.

TABLE 4.—*Number of workers receiving legal and household removal expenses in Great Britain, 1959–65*

Financial year *	Legal expenses	Household removal expenses
1959–60	207	7[illegible]
1960–61	170	569
1961–62	131	487
1962–63	146	732
1963–64	643	1,536
1964–65**	784	***1,220

*The financial year is from Apr. 1 to Mar. 31.
**Apr. 1, 1964, to Dec. 31, 1964.
***From Apr. 1, 1964, to Mar. 31, 1965, 1,628 workers received household removal expenses.

Source: Information provided by the Ministry of Labor. The cost cannot be published. However, the approximate total cost is as follows: 1960–61, £24,000; 1961–62, £22,000; 1962–63, £32,000; 1963–64, £102,000; and 1964–65, £67,000. A comparison of the cost over time cannot be made for reasons mentioned previously. The same is true for the number of workers receiving assistance.

Since the resettlement transfer scheme is the one most frequently used, most of the movement assisted under the scheme is out of the regions with high unemployment. The following table illustrates this point. The data are for March 1, 1965 to August 31, 1965.

TABLE 5.—*Movements of workers to whom settling-in grants were paid*

Region	Moves within home region	Moves into region	Moves out of region
Northern	20	18	263
Yorkshire and Humberside	54	106	69
Eastern and southern	50	525	39
London and southeastern	8	193	22
Southwestern	41	72	73
Wales	20	28	117
Midlands	8	463	20
Northwest	94	61	147
Scotland	111	6	722
Total	406	1,472	1,472

Source: Information furnished by the Ministry of Labor. Approximately 95 percent of these workers were moved under the resettlement transfer scheme. Although most of the assisted movement was out of the regions with a high rate of unemployment, more than ⅕ of the moves did not involve movement outside of the home region. Much of the movement was among unskilled and semiskilled workers. Some skilled aircraft workers who were redundant also were moved.

The number of persons moved by all schemes is a small percentage of the number of workers moving about the country to take new jobs. However, most of the latter movement is of persons who move to further their careers and whose prospects in their home areas do not justify assistance under the schemes. The liberalization of relocation allowances in February—including a settling-in grant of £5—will probably increase the number of persons seeking assistance.

RELOCATION OF UNEMPLOYED WORKERS IN NORTHERN IRELAND

Northern Ireland has a program for relocating unemployed workers which is similar to but separate from the relocation program administered by the Ministry of Labor in Great Britain.[16] The program is administered by the Ministry of Health and Social Services which is located in Belfast. Unemployed workers registered at local employment offices, whose prospects of employment in the home area are poor, are eligible for relocation assistance to take up employment in another area in Northern Ireland or in Great Britain proper. Two schemes are provided for relocation of the unemployed—a temporary transfer scheme which provides certain benefits to unemployed workers with family responsibilities who transfer temporarily to other areas where employment is available, and a permanent resettlement scheme for unemployed workers who are prepared to settle permanently in another area in Northern Ireland or Great Britain.

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[16] The Republic of Ireland is politically independent although geographically an integral part of the British Isles. Northern Ireland has a separate but subordinate Parliament that sits in Belfast. The population of Northern Ireland is 1,423,000.

Although all the inhabitants of Great Britain may appear equally foreign to Americans, there exist ethnic differences between the English, Welsh, Scots, and Irish that are usually noticeable in personal relationships. These differences represent very different historical backgrounds.

In land area, England constitutes 53 percent of the country's territory; Scotland, 32 percent; Wales, 9 percent; and Northern Ireland, 6 percent.

Overall eligibility criteria are similar to those set under the programs in Great Britain. A worker must be unemployed and have no immediate prospect for employment in the home area. He must transfer with the approval of a local office of the Ministry of Health and Social Services and must transfer beyond daily traveling distance from his present home. He is ineligible to receive assistance if the new job pays more than £1,500 a year.[17]

Allowances are also similar to those payable under the relocation schemes of Great Britain and do not need to be repeated.

An idea of the number of workers moved under the relocation program of Northern Ireland can be gained from the following table. The number of returnees is also indicated. Only those workers who are relocated in and who return from Great Britain are contained in the table.

TABLE 6.—*Number of workers moved under relocation programs in Northern Ireland, 1960–64*

Year	Number placed in employment in Great Britain by the Ministry of Health and Social Services	Number of transferred workers returning from Great Britain
1960	1,655	386
1961	1,905	426
1962	1,051	414
1963	683	200
1964	2,015	378
Total	7,309	1,804

Source: Employment Division of the Ministry of Health and Social Services.

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[17] This standard is set to exclude the payment of relocation allowances to technical and professional workers who could afford the cost of moving and resettlement.

It should be emphasized, however, that there is free movement within the United Kingdom and these figures represent only a fraction of the total number of workers moving within and from Northern Ireland. Nevertheless, these figures represent unemployed workers and some idea of their significance can be obtained by comparing them to the average monthly number of registered unemployed workers in Northern Ireland for several of the above years. In 1960 the average monthly number of unemployed was approximately 35,000, in 1962 the average monthly number was 38,000, and in 1964 the average monthly number was approximately 39,000. Over the 5-year period, approximately 5 percent of the unemployed have been relocated in Great Britain through the use of relocation allowances.

Approximately 65,000 workers from Northern Ireland took employment in Great Britain during the 5-year period. This would include the 7,309 workers moved under the relocation programs. The remainder moved without the allowances.[18]

Approximately 15,000 workers returned home after employment in Great Britain and registered as unemployed or secured employment. This amount included the 1,804 who received the relocation allowances but returned home after a period of employment in Great Britain. The return rate of 25 percent for those receiving relocation allowances can be compared to an overall return rate of about 22 percent (15,000/65,000).

The movement of unemployed workers from Northern Ireland to Great Britain through the use of relocation allowances might well be much greater, but the effects of a basic deterrent factor. The type of labor is not that which is in short supply in Great Britain. Over 80 percent of the unemployed are unskilled or semiskilled; but as there is a shortage of unskilled unemployed men only in particular localities in Great Britain, the scope for the movement of unskilled workers from Northern Ireland is limited, and the jobs available to them are often considered to be unattractive, either in pay or in conditions of work.

The Hall report on the "Economy of Northern Ireland" makes the following statements with reference to the use of relocation allowances to ameliorate the problem of unemployment.[19]

> The problem of unemployment might be eased by increased migration, to the extent that further migration could be encouraged it would be possible simultaneously to alleviate the problem of unemployment in Northern Ireland and the shortage of labor in areas such as the Midlands. This may well, moreover, be more economical than encouraging new industries to Northern Ireland. The amount of migration has been less than the natural increase in population and insufficient to reduce local unemployment.[20]

The Hall report states that migration should be encouraged as a measure to alleviate unemployment and recommends that relocation allowances be increased.

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[18] Workers have to be unemployed to be eligible for relocation allowances.

[19] British White Paper, 1835, Report of the Joint Working Party on the Economy of Northern Ireland, October 1962.

[20] Ibid., p. 12, par. 33.
Similar statements are made on p. 52, par. 177, and p. 54, pars. 184–187.

RELOCATION OF WORKERS BY THE NATIONAL COAL BOARD

The third workers relocation program is administered by the National Coal Board.[21] This program pertains to the transfer of unemployed coal miners from areas where coal mines have been shut down, or being phased out to areas where coal mining is still profitable.

Problem

When the National Coal Board took over control of the coal mining industry in 1947, there were nearly 1,000 pits in operation employing 750,000 men. The industry had been suffering for many years from the lack of capital investment, the depression, and high unemployment rates.

From 1947 to 1957 employment in the coal mines stabilized at around 700,000. However, toward the end of 1957 the employment picture began to change for the following reasons:

1. An increase in the use of other sources of energy, especially oil;
2. A generally lower level of industrial activity; and
3. Much greater efficiency in the mining of coal.

Employment in the collieries declined from 705,000 at the end of 1957 to 485,000 at the end of 1964.[22] Also by March 1965, 270 collieries employing 212,000 men were losing money. Consequently, the National Coal Board has been concentrating on phasing out the operations of the unprofitable mines and transferring unemployed coal miners to areas which are still profitable.

The results of individual collieries in the same district vary widely, but, in general, there are more pits with limited reserves, or which are unprofitable, in Scotland, Northumberland, Durham, Cumberland, and South Wales, while the profitable long-life pits are mainly concentrated in the East and West Midlands and Yorkshire.

The relocation of unemployed coal miners has conformed to the following pattern: the unemployed miners in Scotland have been employed in mines in Yorkshire, North Staffordshire, and North Wales; unemployed miners in Durham and Northumberland have been employed in mines in North Staffordshire, South Staffordshire, and Yorkshire.

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[21] Although the coal industry was nationalized under the Coal Industry Nationalization Act of 1946, the National Coal Board is not a department of the Government. The Nationalization Act which created the Board laid down the rule that the coal industry should break even taking one year with another after paying interest charges (normally the current Treasury rate) on the capital advanced by the Government to finance the industry—broadly the equivalent of equity capital in private industry. Within this particular statutory obligation, the industry is left free to conduct the day-to-day management as it sees fit. The coal industry operates in a highly competitive field and is run on a commercial basis. The Coal Board's relocation program was undertaken because as a model employer, it had a moral responsibility for the welfare of its workers. The Coal Board has to pay for the relocation of unemployed miners out of industry revenues.

However, the problem of unemployment in coal mining is there, regardless. It is safe to assume that were coal mining still a private industry, the transference of unemployed miners would be undertaken by the Ministry of Labor. As the problem of unemployment in coal mining is common in most of the counties covered in this study, the important thing is to review measures to relocate the workers in areas where employment is available. The Common Market Counties have a special program for the readaptation and relocation of unemployed coal and iron ore miners which will be discussed in a later chapter.

[22] Normal attrition and early retirement has taken care of the majority of these workers.

Allowances and benefits

The allowances and benefits for transferred coal miners are as follows:

A. For the initial journey to take up employment, all men with or without dependents receive:

1. Single fare for the initial journey, to the new place of employment.
2. An allowance of up to 20 shillings to cover expenses on the initial journey.
3. Payment of wages for working time unavoidably lost while traveling to the new place of employment.

B. After transfer, the man without dependents receives:

1. A settling-in allowance of £5 a week for the first 4 working weeks.
2. Assistance with lodgings costs and periodic visits home.

C. After transfer, the man with dependents who is living away from his old home receives:

1. A settling-in allowance of £5 a week for the first 4 working weeks.
2. A lodging allowance of 70 shillings a week for up to 2 years.
3. An assistance fare home every month for up to 2 years. (The workers pay the first 12 shillings, 6 pence of the return fare.)
4. Assistance toward the cost of traveling home in case of domestic emergency.

D. The transferred man whose dependents are with him receives:

1. Single fares for dependents when they move from the old home to the new, and an allowance for dependents aged 5 or over of up to 20 shillings to cover expenses on the journey. Children under 5 receive one-half this rate.
2. A continuing liability allowance where dependents move to the new district before the removal of household effects and there is a continuing liability in the old district for rent or storage of furniture. This allowance is equal to the actual cost, up to a maximum of 49 shillings per week.
3. The actual cost of household removal.
4. Reasonable extra costs of insurance of furniture and effects in transit or store.
5. A household settlement grant of £50 when the workers and his dependents have established themselves as a settled household in the new area.
6. An increased rent allowance for a temporary period where the rent for the house in the new district exceeds the rent for the house in the old by more than 10 shillings a week.

Finally, the National Coal Board makes every effort to get the transfered men and their families housed quickly. This usually means new housing has to be built, since there are waiting lists for rented homes, and only a small minority purchase their own homes. This new construction is primarily the responsibility of the local authorities who receive a Government subsidy of £24 a year for 60 years for every house built for a man moving to meet the needs of industry, and a further National Coal Board subsidy of up to £30 a year for 15 years, provided the houses are for miners. If the local authorities are unable or unwilling to build, then the Coal Board through its subsidiary Coal

Industry Housing Association, constructs the houses and lets them at rents equivalent to those of the local housing authorities.

Results

The National Coal Board redesigned and expanded an interdivisional transfer scheme in 1962, offering reemployment to coal miners from Scotland, Northumberland, Cumberland, and Durham, mainly in Yorkshire and the Midlands, where their services could be utilized. In 1964, a supplementary scheme for long-distance reentrants was introduced, covering unemployed former coal miners and reentrants to the industry from other employment.

Although the program is relatively new, a number of workers have been moved. The following table presents a breakdown of the movement of workers under both schemes. The movement of workers is primarily from the north to the south of Great Britain.

TABLE 7.—*Number of workers moved under National Coal Board scheme (April 1962–March 1965)*

INTERDIVISIONAL TRANSFER MOVEMENT

To	1962	1963	1964	1965	Total
Yorkshire division	789	703	418	39	1,949
East Midlands	971	298	350	78	1,697
West Midlands	552	877	505	78	2,012
South Western	129	235	173	9	546
Total	2,441	2,113	1,446	204	6,204

LONG DISTANCE REENTRANTS

	1964	1965	Total
Yorkshire division	69	28	97
East Midlands	163	78	241
West Midlands	307	48	355
South Western	344	16	360
Total	883	170	1,053

Source: Data furnished to author from the National Coal Board. These workers came from Scotland (2,800) and Durham and Northumberland. Long-distance reentrants are men who have left the coal industry in the past but decided to reengage in it and to move their homes in order to do so.

Approximately 20 percent of all workers transferred under the coal miners relocation schemes leave the new job to return home or move to another job in the new area. A study involving a sample of 1,199 workers moved to North Staffordshire in the West Midlands between February 1962 and the end of 1964, revealed that 224 or 18.7 percent had left their mining jobs to go elsewhere.[23] The major reasons for workers leaving their new jobs were lack of housing and homesickness on the part of the worker or his wife.

The total estimated cost for moving these 1,199 workers to North Staffordshire is around £167 per worker and family. Approximately 95 percent of the workers are married. The estimated cost of relocating these coal miners is around £200,000 ($560,000).

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[23] Information provided by the National Coal Board to the author. It is necessary to point out that many workers secured employment in the new area. The majority, however, returned to their original homes.

Between February 1962 and the end of 1964, unemployed coal miners were moved to jobs in several other receiving areas. In the Doncaster mines (Yorkshire division), a total of 1,092 miners were relocated from other areas. At the end of 1964, 223 had left. The wastage rate was 20.4 percent.[24] In the Worksop mines (Yorkshire division), 239 miners were relocated from other areas. At the end of 1964, 98 had left. The wastage rate was 41 percent. In the Edwinstowe mines (East Midlands), a total of 726 miners were relocated over the same time period and at the end of 1964, 98 had left, for a wastage rate of 9.8 percent. In the Swansea mines (southwestern division), 444 miners were relocated and 112 left, for a wastage rate of 25.2 percent.

In these four receiving areas and North Staffordshire, a total of 3,700 unemployed coal miners were relocated from other coal mining areas. After 2 years, 725 had left their jobs. The wastage rate was 19.6 percent. Out of the approximately 7,000 miners relocated under the National Coal Board's programs in the period 1962–64, 1,400 left their jobs by the end of 1964. The wastage rate of 20 percent is comparable to the data presented for Northern Ireland.

The estimated overall cost of relocating one worker under the National Coal Board relocation schemes is £167. Approximately 70 percent of those miners moved under the schemes are over 30 years of age.

By far the most important factor responsible for the high wastage rate is the lack of available housing. The average period of waiting for housing in the above-mentioned areas in 1964 varied from 16 weeks in Worksop to 3 weeks in Edwinstowe. The wastage rate in Edwinstowe was half that of the other areas.[25]

THE BRITISH RAILWAYS SYSTEM

The British Railways System has a program for relocating unemployed railway workers which is similar in every respect to the program of the National Coal Board.[26]

A reduction of 18,000 men has been carried out in the main workshops of British Railways over the period 1962–64. Thirteen of the twenty-nine workshops were closed. There has been a transference of some workers to other areas where jobs are available.[27]

CONCLUSION

Britain has followed a policy of bringing work to the workers for at least a generation. At the present there is a wide range of inducements available to individual firms in the form of grants, loans, shell plants, and, more recently, accelerated depreciation. The Local Employment Acts of 1960 and 1963 were designed primarily to provide inducements for firms locating in areas of high unemployment.

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[24] Wastage is the term the National Coal Board applies to those who have accepted relocation assistance but have left the job to take other employment or return to the home area. The term is rather euphemistic and implies loss in time and money invested in those workers who leave employment in the mines.

[25] The waiting period for housing has been rapidly reduced. In 1962 the average waiting period in Worksop was 42 weeks and 6 weeks in Edwinstowe.

[26] The benefits are the same. No detailed elaboration is necessary. It should also be mentioned that the British railroads were nationalized in 1948. The relationship of the railroad industry to the Government is similar to that of the coal industry.

[27] Approximately 1,500 workers have been moved per year over the last 3 years. In addition to the closure of the workshops, a number of stations have been closed. However, there is a compensating need for rail service in the rapidly growing areas in the Midlands and around London.

However, it is significant to note that unemployment rates in the less prosperous areas of Great Britain—Northern Ireland, Scotland, the northern region, and Wales—have shown little or no improvement over a period from 1952 to 1965. It is not at all certain that even the lucrative inducements offered under the Local Employment Act of 1963 will attract enough industry to these areas to reduce unemployment appreciably.[28]

There is strong support for moving unemployed workers to areas where employment is available.[29] However, the British Government regards the relocation of unemployed workers as only a partial solution to the problem of regional unemployment. The total number of workers moved under the schemes of the Ministry of Labor and the nationalized coal and railway industries is currently running around 9,000 a year. The total estimated cost of relocating workers under the four programs covered in this chapter is around £1,200,000 a year.

It is apparent that many areas in Great Britain lack attraction for industry. Even the creation of growth centers in the development districts will not solve completely the problem of regional unemployment. The realization of this fact has made it feasible to apply as many different measures as possible, since each is likely to make some reduction in unemployment.

The use of relocation allowances to move unemployed workers should increase in Great Britain. Continuing high rates of unemployment in several regions favor increased reliance on moving the unemployed worker to the job.

Lack of available housing is the major deterrent to the success of the various relocation programs. It is the major reason for the rather high wastage rate in many areas. As more housing becomes available, wastage rate will decrease, and more workers will be motivated to apply for relocation allowances.

The following statement in the new national plan of the labor government summarizes the present and future prospects for relocation assistance:

> Some people will, of course, have to change jobs. Sometimes the jobs will have to be taken to the workers, sometimes the workers to the jobs.[30]

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[28] It is interesting to note that unemployment increased by 58,333 from mid-July to mid-August of 1965.

[29] The following publications may be cited as examples: H. Makower, J. Marshak, and H. W. Robinson, "Studies in the Mobility of Labor, Analysis for Great Britain," Part II, Oxford Economic Papers, September 1960; A. T. Peacock and D. G. M. Dosser, "The New Attack on Localized Unemployment," Lloyds Bank Review, January 1960; and H. W. Richardson and E. G. West, "Must We Always Take Work to the Workers," Lloyds Bank Review, January 1964. Also see the British White Paper 1835, "Report of the Joint Working Party on the Economy of Northern Ireland," October 1962, pp. 52–54.

[30] "Working for Prosperity," The National Plan in Brief, Her Majesty's Stationery Office, London, 1965, p. 13.

CHAPTER III

SWEDEN

INTRODUCTION

Sweden is the third largest country in Western Europe. Its area is 173,423 square miles, of which 158,486 are land and 14,937 are water. It occupies the eastern part of the Scandinavian Peninsula, being separated from Norway on the west by the Kjolen mountain range. It is separated from Finland by the Gulf of Bothnia in the east but is joined by a common land frontier 333 miles long.

The three main territorial divisions are Norrland, Svealand, and Gotaland. Main physical divisions are the northern mountains and the lake region, covering all of Norrland and the western part of Svealand; the lowlands of central Sweden; and the plains of Skane, occupying the extreme south. Most of the country is covered by forests, with only 9 percent of the total land area cultivated for agricultural purposes.

The population of Sweden amounts to 7½ million people and is homogeneous with respect to race, language, and religion. Approximately 99 percent of the people are Lutherans, and there are no significant racial minorities.

DESCRIPTION OF UNEMPLOYMENT

Sweden has had a very high level of employment since the end of the Second World War. In fact, the supply of labor has been so short that many workers have been brought in from other countries. Unemployment has averaged less than 2 percent since the end of the war.[1] However, there was a downturn in employment in 1958 which also affected other Western European countries. In 1962, there was also a downturn in employment which was caused primarily by a decline in the exports of Swedish heavy industry.

Although there has been a high rate of employment in Sweden, problems of seasonal and structural unemployment do exist. Seasonal unemployment has ranged several points above the average rate of 1.5 percent which has prevailed since the Second World War. Long-term structural changes have been taking place in several industries—textiles, forestry, clothing, and shoe and leather—which have

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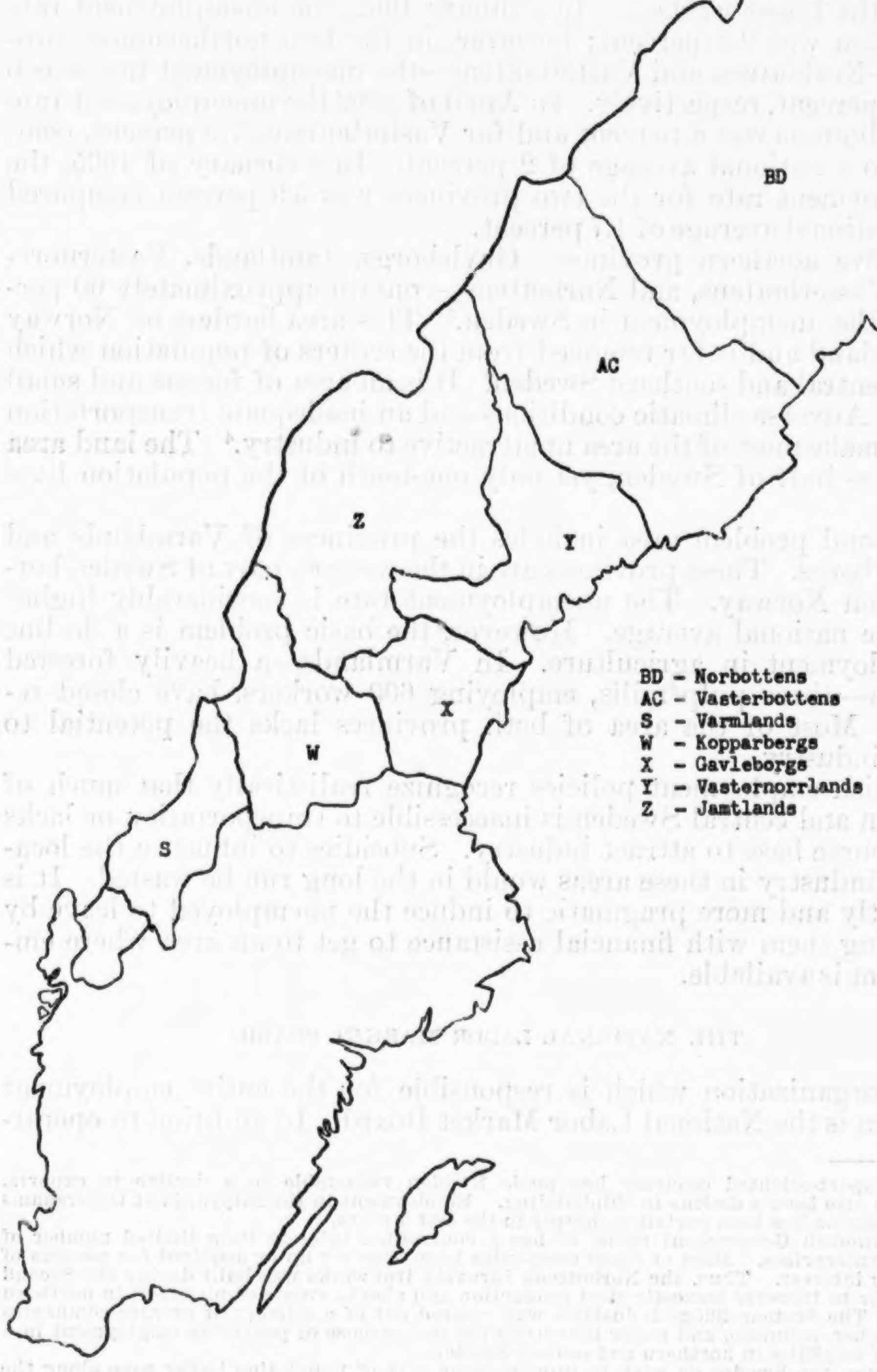
[1] For the measurement of unemployment in Sweden, see "Measuring Employment and Unemployment," President's Committee To Appraise Employment and Unemployment Statistics, pp. 250–251.

Unemployment in Sweden is measured by taking those unemployed workers who are members of unemployment insurance societies and expressing their number as a percentage of the total number of members in the societies. Since the members of these societies make up only 36 percent of the total labor force, reliance is also placed on periodic sample surveys. The estimate of the total percentage of all unemployed as opposed to the actual percentage of insured registrants who are unemployed indicates an upward revision of 0.3 to 0.5 percent is necessary.


BD
AC
Z
Y
X
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S
BD - Norbottens
AC - Vasterbottens
S - Varmlands
W - Kopparbergs
X - Gavleborgs
Y - Vasternorrlands
Z - Jamtlands

caused islands of unemployment throughout central and northern Sweden. These structural changes have been in part attributable to shifts in consumer demand and in part to foreign competition. Also, the upgrading of skills in response to improved technology has resulted in the unemployment of many semiskilled workers.[2]

Unemployment has been a problem in northern Sweden, particularly among the forest workers. In January 1962, the unemployment rate in Sweden was 2.1 percent; however, in the two northernmost provinces—Norbottens and Vasterbottens—the unemployment rate was 6 and 6.3 percent, respectively. In April of 1962 the unemployment rate for Norbottens was 8 percent and for Vasterbottens, 7.9 percent, compared to a national average of 2 percent. In February of 1965, the unemployment rate for the two provinces was 5.9 percent compared to the national average of 1.7 percent.

The five northern provinces—Gavleborgs, Jamtlands, Vasternorrlands, Vasterbottens, and Norbottens—contain approximately 60 percent of the unemployment in Sweden.[3] This area borders on Norway and Finland and is far removed from the centers of population which are in central and southern Sweden. It is an area of forests and small farms. Adverse climatic conditions and an inadequate transportation system make most of the area unattractive to industry.[4] The land area comprises half of Sweden, yet only one-tenth of the population lives there.

A second problem area includes the provinces of Varmlands and Kopparbergs. These provinces are in the western part of Sweden bordering on Norway. The unemployment rate is considerably higher than the national average. However, the basic problem is a decline of employment in agriculture. In Varmlands—a heavily forested province—three pulp mills, employing 600 workers, have closed recently. Most of the area of both provinces lacks the potential to attract industry.

Swedish employment policies recognize realistically that much of northern and central Sweden is inaccessible to transportation or lacks the resource base to attract industry. Subsidies to influence the location of industry in these areas would in the long run be wasted. It is less costly and more pragmatic to induce the unemployed to leave by providing them with financial assistance to get to an area where employment is available.

THE NATIONAL LABOR MARKET BOARD

The organization which is responsible for the entire employment program is the National Labor Market Board. In addition to operating a nationwide placement service, the Board has the responsibility for putting into operation various employment-creating measures, such as the management of investment reserve funds, and for stimulating occupational and geographical mobility. Other responsibilities include the supervision of the public employment service, planning of projects suitable to be carried out as emergency public works, direction of the start and discontinuance of such works, licensing of starting permits for building, and advice as to location of new industrial establishments. The Board functions as an independent agency under the Ministry of Interior Affairs.

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[2] The export-oriented economy has made Sweden vulnerable to a decline in exports. There has also been a decline in shipbuilding. Employment in the shipyards at Oskershams and Karlskrona has been curtailed sharply in the last 5 years.

[3] The Swedish Government owns, or has a controlling interest in, a limited number of business enterprises. Most of these companies have been set up or acquired for reasons of the public interest. Thus, the Norbottens Järnverk ironworks was built during the Second World War to increase domestic steel production and also to create employment in northern Sweden. The Statens Skögs industries was created out of a number of private companies in the lumber, cellulose, and paper industries for the purpose of providing employment in a number of localities in northern and central Sweden.

[4] However, the Swedes do wish to provide some sort of population buffer zone along the northern border. Considerations of national defense require the existence of roads, depots, and supply centers.

The Labor Market Board is a tripartite board consisting of representatives from labor, management, and the Government. There are two representatives from the Swedish Employer's Confederation, two representatives from the Swedish Trade Union Confederation, one representative from the Central Organization of Salaried Workers, one representative from the Confederation of Professional Associations, one representative for female workers, one representative for agriculture, and three representatives fom the Government.

There are 25 county labor boards, 25 regional offices, and 233 local offices. They provide quick information on employment changes within their areas. County job vacancy lists are published by the county labor boards of the different counties each week and sent to the county employment offices. Vacancies which cannot be filled this way and which are suitable for exchange on the national level are reported by the regional employment office to the National Labor Market Board in Stockholm. In the Employment Service Division this material is compiled on a daily as well as weekly basis for publication in national vacancy lists which are distributed to all employment offices. Daily reports canceling vacancies filled are sent by the Employment Service Division to each office.

Information as to the existence of job vacancies in different parts of the nation is broadcast daily over the radio. Advertisements in the Swedish newspapers are also used to inform the public on employment opportunities. Bulletins are inserted periodically on television, and folders are distributed in the employment offices.

Advance warnings of layoffs

A system of advance information on impending employment changes is used in Sweden. It is based on agreements between the Labor Market Board and different employers associations. Anticipated discharges of labor have to be notified by a Swedish company to the county labor board in its area, as a rule, 2 months in advance. The same is true for governmental organizations. This information, gathered from county and local offices all over Sweden, is reported to the Labor Market Board in Stockholm.

When reporting to the county labor board in its area, a company provides information on (1) the date when the expected discharge or layoff is likely to be put into effect, (2) the number of workers expected to be discharged, (3) the estimated duration of the unemployment, and (4) the reasons for the curtailment of production.

RELOCATION ASSISTANCE

Sweden considers the use of relocation assistance as a device to move unemployed workers out of areas with high unemployment to be an important part of its overall employment policy.[5] The Swedes recognize the fact that not all depressed communities can be saved; therefore, a more feasible and less costly solution is to move the unemployed to areas with job shortages.[6] If the necessary skills are lacking, the unemployed are trained in the appropriate ones which are marketable in these areas.

Although Sweden has had considerable success with her relocation program, it should be pointed out that four factors are present which help to make for its success.

1. The homogeneity of the population is an important factor. The Swedes who move from northern Sweden to Stockholm or Goteborg will encounter other Swedes who possess the same social characteristics. As mentioned previously, 99 percent of the population is Lutheran, and there are no significant racial minorities.[7]
2. High levels of employment exist throughout most of Sweden. A general labor shortage has existed in the industrial areas since the end of the Second World War. This means that jobs are available for the unemployed in the depressed areas. It is only a matter of inducing them to leave. This is done through the use of relocation allowances.
3. The presence of a first-rate employment service. The employment offices throughout Sweden know of all job vacancies. The unemployed worker is notified of existing vacancies in other areas. It now becomes merely a matter of matching the worker with the vacancy.
4. If the worker lacks the requisite skills to secure employment, vocational training is provided. In Sweden, vocational training plays a paramount role in employment policy. Training courses are scheduled by the Labor Market Board and administered by the Central Board for Vocational Training. The number of courses offered has increased from 55 in 1957 to 822 in 1963. Instruction is given in some 80 different specialized occupations, with periods of training varying from 1 month to 2 years.

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[5] However, Sweden uses inducements to attract industry into labor surplus areas. In 1963 Swedish enterprises were allowed to draw on their investment reserve funds provided the funds were used for investment in plants and equipment in depressed areas. Approximately 500 million kronor have been released from the investment reserve fund to enterprises willing to locate in northern and central Sweden.

This policy has been discontinued. The reason is the subversion of the basic objective of the investment reserve fund—which is to stimulate investment during a recession and discourage it during inflation—to that of promoting industrial development in areas with unemployment.

Since July 1, 1965, the Ministry of Finance will give a grant of up to 50 percent of the cost of building and equipment to firms locating in problem areas. Sixty million kronor per year for a 5-year period have been allocated to this new program. A Government program of loans of 100 million kronor per year for 5 years is also available to industry. Grants and loans cannot be more than two-thirds of total investment in building and machinery.

NOTE.—Swedish-American exchange rate is 5.19 kronor to $1.00.

[6] For a comprehensive coverage of all employment programs in Sweden, see Paper No. 5, "Unemployment Programs in Sweden," published as one of the Economic Policies and Practices series by the Joint Economic Committee, Congress of the United States, 88th Cong., 2d sess., June 1964.

[7] However, some Swedes from the forest areas of the north and from the rural areas in general have not found city living compatible with their former way of life. So they have left employment in the cities for the more insecure employment in their home area.

The relocation allowances take four forms—travel allowances, family allowances, starting allowances, and settlement allowances.

Travel allowances

This allowance may be paid either in the form of a grant without liability for repayment or as a loan with a liability for repayment for a worker's travel expenses, subsistence expenses, and removal expenses. Arrangements for this allowance are made through the employment office in the worker's home area. The employment office determines the eligibility of the worker to receive the allowance based on the criteria mentioned below.

1. Travel expenses.—These expenses are payable for the following purposes:

(*a*) Journeys to take up employment at another place.

(*b*) A return trip to the worker's home provided that through no fault of his own the job never began or was discontinued a short time after his arrival.

(*c*) Daily journeys for a period of not more than 3 months when the worker has to remain at his original home and commute to work until he is able to find housing.

(*d*) A return trip to the place of prospective employment if his employment is to begin at a later date.

The amount of the travel allowance depends upon the mode of transportation. If the journey is made by public conveyance, the allowance must not exceed the cost of the cheapest mode of transport. If the worker uses his own car, compensation is based on an amount equivalent to the cheapest fare by public conveyance for the distance covered.

2. *Subsistence expenses.*—An allowance for board and lodging is payable to a worker for expenses incurred in transit while looking for a job. A day's allowance (25 kronor) is payable when a journey is made between 6 a.m. and 12 midnight, and a night allowance (15 kronor) when the journey takes place between 12 midnight and 6 a.m. This subsistence allowance is also payable when the worker is moving to a new job. His wife and children between the ages of 4 and 18 are also eligible for an allowance.

3. *Removal allowances.*—A travel allowance is payable for the removal of a worker's family and household furniture to the new employment locale. Payment is made for the expense of the personal transportation which would include the cost of transporting the family from the old to the new locale, freight charges for moving the worker's furniture, and the expenses of packing, unpacking, and handling of furniture.

Family allowances

The National Labor Market Board may pay family allowances in cases where the worker is to take employment in a new place where he cannot immediately find family housing. This allowance is to compensate the family for the expense of having to maintain two separate residences.

The family allowance is granted for a period which is not to exceed 9 months. For the first 3 months, the allowance is not more than an amount equivalent to the actual rent, including heating costs, for the family in the home district, plus a supplementary living allowance.

For the next 3 months, not more than two-thirds of the amount calculable above is payable, and for the last 3 months, not more than one-third of the amount is payable.

This allowance is payable up to the time when housing can be found in or near the new place of employment. The amount of the allowance is as follows:

For the first 3 months—

1. A supplementary family allowance for the wife of 200 kronor a month.
2. A supplementary family allowance for children under 16 at a rate of 45 kronor per child per month.
3. A housing allowance, including heating costs, which is not to exceed 250 kronor a month.

For the second 3 months the amount payable is reduced by one-third. For example, if the total allowance amounted to 570 kronor for the first 3 months, it would be reduced to 380 kronor for the second 3 months.

For the third 3 months the original amount payable is reduced by two-thirds, or in the example to 190 kronor.

Starting allowance

This allowance is granted to cover the worker's living costs until the first payday. The amount of the starting allowance depends upon the estimated duration of employment. It ranges from 150 kronor if the estimated duration of employment is under 2 months to 500 kronor if the duration of employment is for more than 6 months.[8]

The starting allowance is payable by the county labor market board in the county where the place of employment is situated. The board in the new place of employment has to check after 30, 60, and 90 days whether the employment is still in effect.

There is an obligation to refund the starting allowance if the worker terminates the new employment without good reason.[9] The refund is 5 kronor a day. For example, a worker receives an allowance of 150 kronor. He works 25 days and then decides to return to his home. He would have to refund 125 kronor (25 days times 5 kronor). If, however, the worker moves to another job during the first 6-month period, he is not liable for repayment, provided his change of employment is considered to be suitable by the employment service from the labor market point of view.

Settlement grants

The five northernmost provinces, generally referred to as Norrland, have the highest rates of unemployment and underemployment of any area in Sweden. These provinces largely depend upon forestry and forest industries. Rationalization of the forest industries in Sweden and the longrun decline in demand for forest products have caused a decline in employment opportunities. Employment is also seasonal in this most frigid part of the country.

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[8] The payment scale is as follows and is based on the estimated duration of employment:

1. 150 kronor, estimated duration of employment up to 2 months.
2. 300 kronor, estimated duration of employment from 2 to 4 months.
3. 400 kronor, estimated duration of employment from 4 to 6 months.
4. 500 kronor, estimated duration of employment 6 or more months. (Swedish-American exchange rate is 5.19 kronor to $1.)

[9] The merit of the refund is obvious. For one thing, it keeps many individuals from seeing Sweden at the expense of the taxpayer.

Therefore, workers living in Norrland are eligible for a special type of allowance, called a settlement allowance, if they will accept relocation in another part of Sweden. This settlement allowance amounts to a lump-sum payment of up to 2,000 kronor ($400). The idea behind this special allowance is that the unemployed from this part of Sweden are so far behind the rest of the population that it is necessary, so to speak, to give them a new start in life. This settlement allowance will enable them to get new furniture and clothes and will help them adjust more readily to the new environment.

The settlement allowance is a recent development, but still more has been done to stimulate labor mobility. A deterrent to labor mobility is the ownership of a home and the reluctance to take a loss if it has declined in value. Since the decline in value is a fact in many depressed areas, the Swedish Riksdag (Parliament) passed legislation to compensate homeowners for any loss in the market value of their homes.[10] A homeowner is compensated for the difference between the appraised value of his home and the selling price. A homeowner who has taken a loss of several thousand kronor in the sale of his house will be compensated for this loss.[11]

Eligibility requirements for relocation allowances

To be eligible for the various relocation allowances, a worker must meet the following requirements:

1. The worker must be unemployed or, in the opinion of the employment service, likely to be unemployed in the near future.
2. It must be the judgment of the employment service that the worker cannot be offered employment in the near future at or near his place of residence.
3. The new job cannot be regarded as a transfer between jobs belonging to the same firm.
4. The worker will take up employment at another place, and the labor market situation in the new place is judged by the local employment office to be such that manpower from another area is required to fill the vacancy in question.
5. The worker must live in a labor surplus area.

Cost of the relocation program

An idea of the cost of the Swedish relocation allowance program can be obtained from the table below. A 6-year period of time is used.

TABLE 8.—*Cost in relocation allowances, by types, 1958–64*

[In kronor [1]]

Fiscal year*	Starting allowance	Family allowance	Travel allowance	Resettlement allowance	Total
1958–59	660,000	2,252,000	416,000	------------	3,328,000
1959–60	2,102,000	2,761,000	915,000	------------	5,778,000
1960–61	1,993,000	2,492,000	1,148,000	------------	5,633,000
1961–62	2,292,000	2,224,000	1,575,000	------------	6,091,000
1962–63	3,400,000	2,814,000	2,912,000	623,000	9,750,000
1963–64	9,538,000	4,557,000	6,071,000	3,336,000	**23,502,000

[1] 5.19 kronor equal to $1.

*The fiscal year runs from July 1 to June 30.

**The approximate 1964–65 total is 27,000,000 kronor.

Source: Information furnished by the Labor Market Board at the request of the author.

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[10] The legislation was passed in 1964.

[11] Compensation has been paid to 22 homeowners during the period from July 1964 to March 1965.

The total cost of the program has increased considerably over the last 5 years. The cost for the fiscal year 1962–63 was 23,502,000 kronor ($4,500,000) and the cost of the fiscal year 1964–65 apparently is around 27 million kronor ($5,100,000). A rough approximation of the cost of this relocation program in the United States—assuming similar allowances—would be about $120 million. The population of the United States is 24 times as great as Sweden's.

The number of unemployed involved in the relocation programs is presented in the following table. It should be remembered that unemployment in Sweden during this period has averaged about 1.5 percent of the labor force, or approximately 50,000.

TABLE 9.—*Number of individuals receiving relocation allowances, 1958–64*

Fiscal year*	Starting allowance	Family allowance	Travel allowance	Settlement** allowance	Total
1958–59	2,200	1,881	3,212	----------	7,293
1959–60	8,164	2,110	7,465	----------	17,739
1960–61	7,898	2,116	9,850	----------	19,864
1961–62	8,725	2,068	12,000	----------	22,793
1962–63	12,895	2,678	20,124	220	35,917
1963–64	22,290	3,769	38,000	1,780	55,839

*The fiscal year runs from July 1 to June 30.

**This program was started in June of 1962. In the fiscal year 1963–64, the breakdown of the settlement grants by province was as follows: Norbottens 516, Vasterbotten 409, Jamtland 262, Vasternorrland 407, Gavleborg 159, and Kopparberg 27. The province of Kopparberg became eligible for settlement allowances in 1964.

Source: Information furnished by the Labor Market Board. It is necessary to point out that individuals can get more than 1 travel allowance. It is probable that the actual number of individuals receiving travel allowances is less than the figures indicate. The same is true for the data on starting and family allowances, because it is also likely that some persons have changed jobs during this 6-year period and have received the allowance again.

In Sweden, as in most industrialized countries, there is a shortage of housing in the areas of the country with expanding industry and a demand for labor. This housing shortage has complicated the leveling between areas with a labor shortage and those with a surplus. Different measures have been used to overcome this obstacle to the mobility of labor.

More than 90 percent of total housing construction in Sweden is supported by Government loans. When granting these loans, special account is taken of the demand for housing in and around areas with expanding industries. Extra loans are placed at the disposal of these areas on the condition that priority in housing is given to the unemployed from labor surplus areas. The National Labor Market Board can also build temporary houses for workers where there is a great demand for labor.

The great majority of those workers receiving relocation assistance are located in the northern and central provinces of Sweden. The following table presents a breakdown of relocation allowances by provinces.

TABLE 10.—*Relocation allowances by provinces for 1964—Number of persons receiving allowances*

Province	Starting allowance	Family allowance	Settlement allowance	Total
Varmland	1,356	273		1,629
Kopparbergs	1,781	398	60	2,239
Gavleborgs	2,161	387	182	2,730
Vasternorrlands	2,969	467	466	3,902
Jamtlands	2,356	346	293	2,995
Vasterbottens	3,155	414	431	4,000
Norbottens	4,986	710	720	6,416
Total	18,764	2,995	2,152	23,911
Total for Sweden	23,194	3,662	2,152	29,008

Source: Information provided by the Labor Market Board at the request of the author. It is necessary to point out that these figures are for the complete year (January-December) rather than the fiscal year which runs from July 1 to June 30. This explains the reason why the total allowances do not correspond to those given in preceding tables which were based on fiscal year totals.

The importing, or receiving areas, for the workers receiving relocation allowances, are presented in the following table. The two major importing areas are—as might be expected—Stockholm and Stockholm Province. Much migration to the cities of Goteborg and Malmo has also occurred. Considerable migration has taken place within several of the problem regions. In the province of Varmlands, many of the unemployed were absorbed in industry which has developed around Lake Malaren. In Norbottens and Vasterbottens, movement has been from the forest and farming areas to communities which have succeeded in attracting industry.

TABLE 11.—*Receiving or importing provinces for workers receiving relocation allowances (1964) (major receiving areas)*

Receiving area	*Number*
Stockholm (city)	2,982
Stockholm (Province)	2,649
Uppsala	850
Malmohus [1]	1,080
Goteborgs och Bohus [2]	1,361
Vastmanlands	1,634
Gavleborgs	1,215
Norbottens [3]	1,135
Total	12,906
Total for Sweden	23,194

[1] The large industrial and seaport city of Malmo is located in this province.
[2] Goteborg, the second largest city in Sweden, is located in this province.
[3] Much migration has taken place within the depressed provinces. The unemployed, in many cases, have found employment in the home area.

Source: Information provided by the Labor Market Board at the request of the author. The information covers the complete year of 1964 rather than the 1963–64 fiscal year.

The age breakdown of the workers receiving relocation allowances reveal no significant characteristics which would differentiate the group from workers in general. About 46 percent of those workers who received starting allowances are less than 22 years in age. Approximately 22 percent are over 35 years of age. It is apparent that the older workers are attached to their home areas and prefer to work on public works projects in the winter and eke out a marginal existence in the forests in the summer.[12]

TABLE 12.—*Distribution of starting allowances by age and sex, 1964*

Age	Males	Females	Total	
			Number	Percentage
Under 18	1,935	2,015	3,950	17.0
18 to 21	4,399	2,269	6,668	28.7
22 to 24	2,297	576	2,873	12.4
25 to 34	3,853	458	4,311	18.6
35 to 44	2,641	249	2,890	12.5
45 to 54	1,789	185	1,974	8.5
55 to 59	365	19	384	1.7
60 to 66	131	13	144	0.6
Total	17,410	5,784	23,194	100.0

Source: Information furnished by the Labor Market Board. The starting allowance is the best measure of the actual number of workers who received relocation assistance. Workers can receive more than one travel allowance. The family allowance is applicable only to those workers with families. The starting allowance, however, is paid to all workers—single or married—when they take new employment. Assuming that a small minority of the 23,194 workers changed jobs more than once during 1964, it is probable that around 22,000 workers were actually moved under the Swedish relocation assistance program.

Results of the relocation program

The success of these measures to stimulate geographical mobility has not been questioned.[13] The measures have been made selective with the intention of reducing pools of unemployment in parts of Sweden by removing workers to jobs elsewhere. The measures have been expanded since 1957 when the stimulation of geographic mobility became an important part of the overall employment program. In 1958 the family allowance was introduced, and 1 year later the starting allowance was instituted. In 1962 the settlement grant became a mobility measure and in 1964 compensation to homeowners for a decline in the market values of their homes was introduced.

However, a legitimate question is as follows: Do the workers remain in their new jobs after the Government has subsidized their movement, or do they return to their home area? Several investigations have been made in an attempt to answer this question.

One study embraces the time period from January 1963 to March 1, 1964.[14] Under observation were those workers who received a starting allowance in January 1963. The number of workers included in the investigation amounted to 1,091. About 80 percent of the allowances was given to workers in the five northern provinces of Sweden (Norrland) and the provinces of Varmlands and Kopparbergs. These workers took up employment in the southern counties around

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[12] A complaint with respect to the public works program in northern Sweden is that it prevents many of the marginally employed workers from migrating to other parts of Sweden where full-time employment is available. Mobility is reduced by the existence of public works programs during the winter. Some Swedes prefer to work on public works projects several months a year and secure temporary employment in the forests during the summer. This is particularly true for the older Swede. He prefers underemployment and residence in the home area to the unknown. Although age discrimination supposedly does not exist in Sweden, it can be assumed that employment priority is given to the younger worker.

[13] Bertil Olsson, Director General of the National Labor Market Board has this to say with reference to the use of relocation assistance: "It costs less than 1 million kronor to move 1,000 persons to employment. For the same amount, these persons might have been given unemployment assistance for less than 2 months or employed on public relief works for not more than 5 days. It can hardly be denied that the money is well spent when it is used for removal, just as it cannot be denied that the experiment is successful."

[14] Undersokning Rorande Personer Som Erholl Starthjalp, 1 Januari, 1963, Utgiven Av Kungl Arbetsmarknadsstyrelsen, No. 118, 1964.

Lake Malaren, Stockholm, Malmo, and areas in southern Sweden. Half of the men and four-fifths of the women were less than 25 years of age.

By the end of February, the following information was obtained and is summarized as follows:

Number still in original job for which they received starting allowances	415
Number in other employment	411
Number unemployed	52
Number employed on public works	17
Military service	44
Married and withdrew from labor market or pregnant	36
Job training programs	39
Miscellaneous	77

Although the majority of all workers who had received starting help in January of 1963 had left the original job by the end of February 1964, it cannot be deduced that the Swedish Government has spent a considerable amount of money to relocate these workers in vain. A sizable number (411) have moved to another job usually in the same area as the initial job.[15] Some have withdrawn from the labor force and others are in military service. Only 52, or 5 percent of the total, were unemployed at the end of the period involved in the study. Some workers returned to their home community or province when employment became available.

The results of this study are presented in the following table which indicates the duration in initial employment for the 1,091 workers receiving starting allowances.

TABLE 13.—*Distribution of workers receiving starting allowances based on length of employment*

Age	Persons who left employment after these months					Still employed as of March 1964	Total
	1	1 to 3	3 to 6	6 to 9	9 to 12		
Under 18	7	20	29	9	9	30	104
18 to 21	40	55	83	28	22	111	339
22 to 24	5	27	37	8	12	71	160
25 to 34	23	42	51	15	14	105	250
35 to 44	9	25	31	10	3	60	138
45 and above	6	17	25	3	6	38	100

Source: Undersokning Rorande Personer Som Erholl Starthjalp, Arbetsmarknadsstatistik, No. 11 B, 1964, Royal Labor Market Board, Stockholm, p. 11. A similar study was made in 1962 for workers who had received starting allowances in October of 1959 and October of 1960. Significant in the earlier study (see Undersokning Rorande Personer Vilkas Ansokningar om Starthjalp Avgjordes i October 1959 och 1960) is the limited duration of employment on the job and the substantial percentage of workers who returned to their home areas after they had left the job. Among those who received starting allowances in October 1959, 40 percent had returned home by the end of 1961, while 30 percent of those who had received the starting allowance in October 1960 had returned home by the end of 1961.

Lack of adequate housing, although not as pronounced a problem as in Great Britain, is a factor which has caused some workers to leave their jobs. The Labor Market Board, however, has provided temporary housing for some workers in areas where there is a great demand for labor.

The use of relocation assistance is considered to be one part of an overall Swedish employment policy aimed at maintaining full employment. Its importance relative to other employment measures is hard to determine. Although a cost comparison of various employment measures can be made, one cannot conclude that one measure is more important than another because of the costs involved. A program of public works will obviously cost more than a program to relocate unemployed workers, but that does not mean that the benefits derived are proportional to the costs.

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[15] Of the 411, 47 received the starting allowance for a second time.

An idea of the cost of various Swedish employment programs can be obtained from the following table:

TABLE 14.—*Estimated expenditures on employment policy measures by the Labor Market Board (1964–65)*

[In kronor]

Relocation measures:	
Travel allowances	4,500,000
Family allowances	7,000,000
Starting allowances	7,500,000
Temporary housing	3,500,000
Total	22,500,000
Public relief measures:	
Relief work on roads and streets	250,000,000
Other relief work	70,000,000
Work in archives	21,000,000
Aid to industry	6,500,000
Other measures	7,000,000
Total	354,500,000

Source: Statsverkspropositionen ar 1964: Bil. 13: Inrikesdepartementet, p. 85. Public relief measures involve the construction and maintenance of roads, the repair of bridges, harbors, and channel facilities, the preparation of firebreaks, and other projects which can be completed within a short period of time.

Total estimated cost of Swedish employment policy measures amounted to 382 million kronor. Approximately 6 percent (22,500,000 kronor) was allocated to relocation of the unemployed. However, when compared to the 1962–63 expenditures on employment measures, the percentage relationship has changed. In the fiscal year 1962–63, total expenditures on all employment measures amounted to 398 million kronor; total expenditures on relocation allowances amounted to 10,600,000 kronor.[16] The percentage of funds allocated to relocation allowance was approximately 2.5 percent of the total.

A comparison of the cost of subsidizing the location of industry in problem areas to the cost of moving the unemployed out of the areas can also be made. The following table presents a comparison of costs to attract industry to costs of relocating unemployed workers. The seven provinces with the highest unemployment rates are used. It is necessary to point out that there is some migration of the unemployed within the seven provinces. The data presented are also for different time periods. Nevertheless, a rough comparison can be made of the two approaches.

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[16] Statsverkspropositionen ar 1964: Bil. 13, Inrikesdepartementet, p. 85.

TABLE 15.—*A comparison of the costs of Government subsidies to attract industry to locate in the depressed areas of Sweden and Government subsidies to relocate unemployed workers (1964–65)*

[In kronor]

Province	Government subsidies to attract industry [1]	Government subsidies to relocate the unemployed [2]
Varmlands	4, 715, 000	1, 560, 000
Kopparbergs	6, 600, 000	1, 890, 000
Gavleborgs	5, 888, 000	2, 430, 000
Vasternorrlands	12, 499, 500	3, 510, 000
Jamtlands	6, 771, 300	2, 700, 000
Vasterbottens	7, 798, 600	3, 510, 000
Norbottens	11, 834, 000	5, 670, 000
Total	56, 106, 400	23, 270, 000

[1] Data are from July 1, 1964 to Mar. 31, 1965.

[2] Data are based on author's estimates. The estimates were obtained by taking the average amount of the family allowance, moving allowance, travel allowance, etc., and multiplying the amount by the number of workers receiving each type of allowance in each Province. The data are based on all allowances given during 1964.

Sources: Information provided by the Labor Market Board and estimates made by the author on the basis of this and other information including Arbetsmarknadspolitik 1965, pp. 116–129.

CONCLUSION

The use of relocation assistance as an employment device is of more importance in Sweden than in any other country included in the study. The percentage of workers moving with such assistance is considerably higher than in other countries, and the percentage of government expenditures on relocation assistance relative to other employment-creating measures is also higher. The probable reasons for its importance in Sweden are a willingness on the part of the Government to experiment with a wide range of employment measures, and a lesser degree of political interference from the representatives to the Riksdag from the problem areas than one might expect. Relocation assistance to unemployed workers has also had the support of labor and management.[17]

Much of the unemployment in Sweden has been in areas with declining industries. Therefore, an important approach has been to encourage labor mobility—geographical and occupational—as the quickest and cheapest solution to the problem of regional unemployment. Workers do not easily change their occupations or move away from their area or industry, so Sweden has employed public funds to facilitate and stimulate their moving and retraining for better jobs.

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[17] The Swedish unions want its coverage to be more extensive.

CHAPTER IV

FRANCE

INTRODUCTION

France has two programs to relocate unemployed workers, and a third program which is designed to induce the movement of underemployed farmworkers and small farmers off of the land and into industrial employment. One of the two programs to relocate unemployed workers is carried out under a common program for countries associated with the European Common Market and involves the readaptation of unemployed coal and iron ore miners. This program will be covered in a separate chapter.

STATEMENT OF PROBLEM

Although the rate of unemployment in France is low—averaging less than 2 percent over the last 5 years—there are several problems which are as follows:

1. Employment in several industries has been affected adversely by technological change. One case in point is the shipbuilding industry (Nantes, Saint-Nazaire, LaSeyne, and Port de Bouc).[1] Another is the iron mines (Pyrenees-Orientales, Ariege). There has also been a decline in employment in the textile industry in such areas as the Vosges. Employment in certain coal mining areas (Decazeville) has also declined. Other areas in France with a large number of small firms—construction, clothing, and textiles—have been affected by plant closures.
2. The second problem stems from the establishment of the Common Market. The rapid reduction of tariff barriers between the member nations has been a powerful factor in the modernization and expansion of each national economy. However, major structural changes have been brought about by this expansion. This change has been seen in France in such industries as farm machinery and coal mining.
3. The rapid modernization of French agriculture has been accompanied by a movement of workers from the farms to industry and commerce. Although this movement has been widespread, there is still a surplus of farmers and farmworkers. The French Government is trying to encourage the exodus of small farmers from unprofitable farming areas, particularly in the Province of Brittany. There has been a general attempt to amalgamate small farms into larger ones in order to stimulate agricultural productivity. There has also been an attempt to improve the agricultural structure in the areas around Paris.[2]

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[1] Similar problems have occurred in the United Kingdom and Sweden.

[2] The French are moving farmworkers from the less prosperous farms in southern France to the larger farms around the areas of Paris and Lyons. Small marginal farms are being combined into large farms.

RELOCATION ASSISTANCE

The use of relocation assistance in France started with the Decrees of September 14 and December 6, 1954.[3] Allowances have been limited to those workers affected by plant closures, reconversions, or mergers. The employment offices have to make every effort to find employment locally for workers displaced in such situations, but may grant relocation allowances if local employment cannot be found. Allowances include:

1. The reimbursement of travel expenses for the workers concerned and of their dependents.
2. The refund of expenses incurred for the removal of furniture, up to a maximum of 3 tons.
3. A resettlement allowance, the amount depending on the size of the family and housing conditions.

The employment services at the place of departure and arrival must give their agreement to the transfer. The decision to grant the allowance rests with the Ministry of Labor with the advice and consent of the Managing Board of the Economic and Social Development Fund.

However, under the National Employment Fund of 1964, provision of relocation allowances has been extended to unemployed workers registered with the national employment service, who are obliged to move from an area where unemployment exists to an area where employment is available.[4]

THE NATIONAL EMPLOYMENT FUND

The relocation of workers program in France is part of an overall employment program which is financed from the National Employment Fund. The framework of the National Employment Fund is defined by the law of December 18, 1963.[5] The law has been supplemented by several decrees which are mentioned later in the chapter. The basic rationale of the fund is to provide protection to workers who are affected adversely by structural changes in the French economy. The fund has several forms of assistance available to workers who are unemployed or who will lose their jobs within a given time period. This assistance is as follows:

1. Assistance is provided for job retraining. Workers are provided with a minimum income as close as possible to their former salary. Allowances are calculated on an hourly rate; they are designed to guarantee workers in the training program 80 percent of their previous average wage.
2. Assistance is provided to help workers leave regions with an established or foreseen labor surplus and settle in areas with a labor shortage. It includes transfer allowances based on the distance of the move involved; expenses for housing in the new area (the combination of these two allowances is between a mini-

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[3] These decrees created the Economic and Social Development Fund from which relocation assistance was financed.

[4] The entire Paris area is excluded as a receiving area. Although there is a shortage of labor in Paris, problems of congestion and inadequate housing exist. The social problems involved in absorbing more workers outweighs the benefits derived by moving workers into Paris.

[5] Loi N. 63-1240 du 18 Decembre 1963, relative au fonds national de l'emploi. Arts. 1 and 2.

mum of 2 and a maximum of 6 months' wages at the guaranteed minimum wage rate); reimbursement of travel expenses for workers and members of their families; and finally, reimbursement of moving expenses.

These two forms of assistance have three common features: They are paid by the French Government; they are made without regard to geographical or occupational consideration; and they are made on an individual basis.[6]

The decree of April 20, 1964, established the amount for grants and indemnities covering the cost of moving, rehousing, and the transportation of furniture.[7] Workers fulfilling the conditions laid down in the law of December 18, 1963 (Law No. 63–1240) can receive the following grants and indemnities:

Change-of-location grant

A grant for change of location (travel) and an indemnity for rehousing are payable to unemployed workers. The amounts are based on the following conditions:

(*a*) A single person who moves less than 100 kilometers from his former place of residence will receive compensation based on his minimum interprofessional guaranteed wage for 400 hours. If the move is more than 100 kilometers from the former place of residence, the minimum interprofessional guaranteed wage is for 500 hours. If lodging is necessary at the new place of employment, the minimum interprofessional guaranteed wage is for 800 hours.[8]

(*b*) A married man with no children who moves less than 100 kilometers from the former place of residence will receive compensation based on his minimum interprofessional guaranteed wage for 500 hours. If the move is more than 100 kilometers from the former place of residence, the minimum interprofessional guaranteed wage is for 600 hours. If lodging is necessary at the new place of residence, the total minimum interprofessional guaranteed wage is for 1,000 hours.

(*c*) A married man with one or two children who moves less than 100 kilometers will receive compensation based on his minimum interprofessional guaranteed wage for 600 hours.[9] If the distance is more than 100 kilometers, the minimum guaranteed interprofessional wage is for 700 hours. If lodging is necessary, the compensation is on the basis of a minimum guaranteed interprofessional wage for 1,200 hours.

(*d*) A married man with three or more children will receive a minimum guaranteed annual wage of 700 hours if the move is less than 100 kilometers from the old residence, and a minimum guaranteed annual wage of 800 hours if the move is for more than 100 kilometers. If lodging is necessary, compensation equal to a minimum guaranteed annual wage of 2,800 francs is provided.[10]

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[6] Several other types of assistance are provided by the national employment fund. These allowances are paid only in cases of an established or impending unemployment crisis in a specific region or occupation. This assistance is contractual, i.e., paid under the terms of agreements between the Ministry of Labor and business firms or occupational organizations. The national employment fund constitutes both a series of financial arrangements and a service integrated in the General Directorate for Labor and Employment.

[7] Arrete du 20 Avril 1964: also see article 2 of the decree of Feb. 24, 1964 (Decret N. 64–164 du 24 Fevrier 1964) and Law No. 63–1240 dating from Dec. 18, 1963, relating to the national funds for employment (Loi N. 63–1240 du 18 Decembre 1963 relative au fonds national de l'emploi).

[8] See Arrete du 20 Avril, articles 2 and 3. Since the minimum guaranteed wage would vary according to occupation, the relocation allowances to unemployed workers would also vary.

[9] The national minimum guaranteed wage (salaire minimum interprofessional garanti—SMIG) is an hourly rate, presently fixed at 2.0075 French francs ($0.41) in the Paris area. Lower rates are fixed in the system's five other wage zones, down to a reduction of 6 percent in the lowest zone. The national minimum guaranteed wage is also computed monthly on the basis of 40 hours a week or 173.33 hours per month.

Travel allowances

The worker (single or married) can obtain an allowance for himself and his family equal to the cost of rail transportation from the old to the new residence, based on the second-class fare on the French railways. Any fare reductions he might have on rail travel, e.g., for reasons of a large family, are taken into consideration.

Moving allowances

The worker can ask for an indemnity covering the cost of transporting his furniture from his former residence to his new residence. This indemnity cannot exceed the cost of transporting 3 tons of furniture by the French railways. However, if justification is offered, the amount can be raised to a limit of 300 francs for 1 ton of furniture, 450 francs for 2 tons, and 600 francs for 3 tons.

The indemnity is paid only if the furniture is transported within 6 months after the arrival of the persons involved in the move. However, an additional period of time is permitted, provided the party involved is unable to find a home. This period of time cannot be greater than 2 years.

The allowances for travel and the removal of furniture are paid within 1 month after the arrival of the persons and the furniture. Responsibility for payment rests with the employment office of the Ministry of Labor in the region to which the move is made.

Grants and allowances permitted under the decree of April 20, 1964, are for unemployed workers who cannot find employment in the home area. They do not apply to farmers and farmworkers. A separate program for this group is carried out under the provisions of the decree No. 63–1044 of October 17, 1963.

Relocation assistance has been restricted primarily to workers affected by plant conversions or closures which have caused manpower adjustment problems. In 1964, 1,397 workers received relocation allowances in France.[11] A large number of these workers were shipyard workers from Nantes and St. Nazaire.

The number of workers receiving relocation allowances and the costs involved are presented as follows:

Year	Number of workers	Amount in new francs
1960	340	787,098
1961	732	901,226
1962	1,083	1,670,890
1963	790	1,393,192
1964	1,397	1,465,241

NOTE.—These figures do not include workers moved under the provisions of the National Employment Fund. In 1964, 12 workers received 11,341 francs in assistance.

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[10] The change of location allowance is paid in two equal installments. The first is paid within 1 month after the arrival in the new area, and the second is paid at the end of 6 months. However, if the worker, after receiving the first part of the allowance, leaves his employment, he has to return the money he received unless he has been placed in a new job in a region short of labor as stipulated by article 3 of decree No. 64–164 of the 24th of February 1964.

[11] Information is furnished by the Ministry of Labor. The number of workers moved include only those eligible for assistance from the Economic and Social Development Fund created by the decrees of Sept. 14 and Dec. 6, 1954.

RELOCATION OF FARMERS AND FARMWORKERS

As mentioned earlier, there is a problem of surplus labor on the French farms. Agricultural population in France constitutes 20 percent of the adult labor force as compared to 10 percent in West Germany and 7 percent in the United States. Attempts are being made to consolidate the smaller farms into larger, more efficient operations, and to encourage the farmworkers to leave the farms and go into other professions. Although migration off of the farms has been heavy, and older farmers have been induced to retire earlier through pensions, there is still considerable underemployment of farm labor.[12] Problems areas include Brittany, the Aquitaine Basin and Pyrenees, and Bas-Rhone and Languedoc.

In the context of relocation, the objective of French agricultural policy is to get farmers to leave small farms in the less efficient areas of France and move to areas where the agricultural potential is greatest. France, in essence, has been divided into two territories based on their suitability for agriculture. These territories are classified as "departure" and "reception" zones. The "reception" zones include areas with greater agricultural potential and are usually located around the larger French cities. Farmers in the "departure" zones are given financial assistance to take up farming in the "reception" zones. This assistance is also available to farmers in the "departure" zones who wish to secure employment in industry.

Loans and grants are provided to farmers who wish to migrate to the "reception" zones. Funds are available under the social action fund which was created by the Loi Complementaire of 1962.[13] The social action fund will pay all of the expenses involved in moving to a "reception" area, providing the move is more than 50 kilometers. The expenses include the cost of travel and the removal of furniture and other household effects. In addition, the fund provides a change of location grant (settling-in allowance) which varies from 1,250 to 3,000 francs, depending on the region to which the farmer moves.

The provisions above are primarily limited to farmers. Underemployed farmhands who have not had steady employment for at least a year can receive free occupational retraining at a public training center, and reimbursement of cost of travel and removal of household effects to the place of training and eventually to the new place of employment.

CONCLUSION

France has several programs to stimulate the geographical mobility of unemployed or underemployed workers. The national employment fund provides relocation assistance to workers who are unemployed or who will soon lose their jobs. The social action fund provides assistance to farm families who move from overpopulated, unproductive farm regions to regions where a higher development of agriculture can be promoted, and also farmworkers who wish to enter another profession.

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[12] The pension is offered to older farmers to retire and cease all farming. Farmers 65 and over are eligible (60 if ill). There is an indemnity paid for the farmer's land which is based on the region in which the farm is located, the amount of land involved, and the quality of the land.

[13] The two basic laws are as follows: Loi d'Orientation Agricole de 1960, and Loi Complementaire d'Orientation Agricole de 1962. The latter created the "Fonds d'Action Sociale pour L'Amenagement des Structures Agricoles.

Although the national employment fund and the social action fund are of recent creation, apparently the latter is having some effect in stimulating rural migration.[14] From 1962 to the end of 1964, approximately 10,000 farm families have received assistance in moving.[15]

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[14] Relocation assistance has been available for agricultural and industrial workers since the early 1950's. However, recent legislative provisions have broadened the coverage and benefits of the assistance.

[15] However, this total includes farmers repatriated from Algeria.

CHAPTER V

THE UNITED STATES

INTRODUCTION

The problem of regional unemployment is familiar to most Americans. Although the national unemployment rate has declined to its lowest point in 8 years, unemployment rates in many areas remain well above the national rate.[1] Population growth is below the national average, and in some areas, more than 50 percent of the families have incomes of less than $3,000 a year.

The programs designed to ameliorate unemployment and poverty are well known and do not need to be mentioned.[2] However, it is relevant to mention two acts which are of direct importance to the subject of relocation assistance to the unemployed. These acts are the Trade Expansion Act and the Manpower Development and Training Act.

THE TRADE EXPANSION ACT

The Trade Expansion Act (Public Law 87-794) provides allowances for relocation of workers who have lost employment as a result of reductions in tariffs promoted by the act. The act provides that unemployed heads of families, who have little prospect of finding suitable and gainful employment in their communities and have been offered long-term employment elsewhere, are eligible to receive relocation allowances which cover moving expenses of the worker and his family and the cost of transporting household goods. In addition, the worker receives a sum allowance of 2½ times the average weekly manufacturing wage.[3]

THE MANPOWER DEVELOPMENT AND TRAINING ACT

The Manpower Development and Training Act (Public Law 87-415) was passed in 1962, revised in 1963, and revised further in 1965. Its basic purpose is to provide for retraining of the unemployed and underemployed. MDTA training courses may be offered in relatively prosperous areas as well as depressed areas.

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[1] Unemployment rates in June of 1965 for selected counties in West Virginia were as follows: Mercer, 6.9 percent; Logan and Boone, 11.5 percent; Raleigh, 6.3 percent; McDowell, 11.8 percent; and Fayette, 10.7 percent. In June of 1965, the unemployment rate in these Kentucky counties was as follows: Bell, 12.2 percent; Martin, 20.7 percent; Floyd, 9.1 percent; and Harlan, 11.2 percent.

[2] The new Public Works and Economic Development Act deserves mention. This act combines many of the programs that were developed under the Area Redevelopment and Public Works Acceleration Acts. The important provisions of the new act are as follows: Grants for public works and development facilities; loans up to 100 percent to assist in financing public works, loans up to 65 percent for industrial and commercial expansion, and guarantees up to 90 percent of associated working capital loans; loans and grants to redevelopment areas and centers in multicounty development districts; and technical and planning assistance to multi-State regional planning commissions.

[3] See secs. 328, 329, 330 on pp. 24 and 25.

The 1963 amendments to the Manpower Development and Training Act included authorization for a program of labor mobility demonstration projects. Section 208 authorized the Secretary of Labor to carry out, in a limited number of geographical areas, pilot projects designed to assess or demonstrate the effectiveness in reducing unemployment of programs to increase the mobility of unemployed workers by providing assistance to meet their relocation expenses. This assistance was to be provided in the form of loans or grants, or both, to unemployed individuals who could not be expected to secure full-time employment in the home area, had bona fide offers of employment, and were well qualified to perform the work.[4]

The 1965 amendments to the Manpower Development and Training Act extended the mobility program to June 30, 1967,[5] and provided for more liberal use of grants—removing a 50-percent restriction provided in the earlier authority, and for more liberal loans, with loans subject to the following conditions:[6]

1. There is reasonable assurance of repayment of the loan;
2. Credit is not available on reasonable terms from private sources or other Federal, State, or local programs;
3. The amount of the loan, together with other funds, is adequate to achieve the purpose for which the loan was intended;
4. The loan bears interest at a rate not less than the average market yield on outstanding Treasury obligations, plus additional charges, if any, toward covering the cost of the program; and
5. The loan is repayable within not more than 10 years.

Up to $5 million a year was authorized for carrying out of the pilot projects.

Hearings held by the House Committee on Education and Labor in 1963 had found considerable support in favor of relocation assistance.[7] Recognition was made of the fact that many depressed areas lack the resource base to attract industry and that a partial solution is to induce the unemployed to leave these areas. It also was recognized that many unemployed workers in depressed areas can be placed in other areas in which there is a shortage of labor. In a survey of 150,000 unemployed workers in Illinois, 31 percent indicated that they would be willing to move to other areas of employment.[8]

There are several basic assumptions underlying the labor mobility demonstration project:

1. High labor demand in one locality can often be matched against excess labor supply in another area;
2. The financial cost of moving may often be a significant deterrent to the geographical mobility of unemployed workers;
3. The benefits to society of providing relocation assistance may more than compensate for the costs of such assistance; and
4. The willingness to relocate, the feasibility of arranging relocation to unfilled jobs, and other aspects of any mobility as-

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[4] See Report No. 861, "Amendments of Manpower Development and Training Act," 88th Cong., 1st sess., sec. 208, p. 33.

[5] See Report No. 170, "Manpower Act of 1965," report (to accompany H.R. 4257), 89th Cong., 1st sess., sec. 104, p. 32.

[6] Ibid., p. 32.

[7] Manpower Development and Training Act hearings before the Select Subcommittee on Labor of the Committee on Education and Labor, House of Representatives, 88th Cong., 1st sess., pp. 563, 610, 615, and 673.

[8] Ibid., p. 563.

sistance program may vary considerably by area and type of worker, so that varied exploration may indicate different values in different settings.

The initial pilot projects sponsored under the Manpower Act were designed to help shed light on such assumptions. State employment security offices in 11 States and 5 private organizations conducted such projects.[9] They sought to explore the factors affecting the mobility of unemployed workers and their relationship to the availability of relocation assistance. Project findings, still being assembled at the time this study is written, will be applied to such questions as the following:[10]

1. What proportions and types of unemployed workers are receptive to opportunities to move to jobs in other areas, and what proportion and types are immobile?
2. What factors stimulate or inhibit the geographic mobility of unemployed workers?
3. How significant are financial barriers and financial assistance in relation to other factors?
4. How effective are the financial aids offered under section 208 of MDTA in promoting the relocation of unemployed workers?
5. How many relocated workers stay on their new jobs, and what are the reasons why some do not remain on the new jobs?
6. What problems—financial, social, etc.—are met by relocated workers as a result of the move?
7. How do unemployed workers fare, particularly in employment experience, in comparison to workers with similar characteristics who do not move?

An indication of the variety and nature of the pilot project efforts is provided by the following brief outlines of projects conducted by the State agencies:

1. Some projects, designated, "type A," focused on a specific fixed group of workers, such as all graduates of a recent training project, or workers involved in a mass layoff. There were three such projects as follows:

(*a*) *Indiana.*—The Indiana project was to concentrate on MDTA course graduates who completed their training between October 31, 1964, and May 15, 1965, in South Bend. Potentially 150 persons could have been involved, but an improvement in local economic conditions resulted in an upturn in local employment opportunities and a reduction in the number of workers eligible for relocation assistance.

(*b*) *Utah.*—The Utah project was for workers laid off the preceding winter by the Thiokol Chemical Co.'s missile plant in Brigham City. This is a sparsely settled part of northern Utah where the employment, aside from the Thiokol plant, is essentially in agriculture. The 1964 unemployment rate for the area was 6.2 percent. By June 30, 1965, 276 workers had been screened, 112 were judged eligible for relocation assistance, and 67 expressed an interest in moving. Twenty-four workers had already been moved to a job elsewhere by the above date.

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[9] Labor mobility projects were conducted in 1965 by State employment security agencies in California, Illinois, Indiana, Kentucky, Minnesota, Missouri, Montana, New York, Utah, Virginia, and West Virginia. The private organizations include three universities, one nonprofit foundation, and one national social welfare nonprofit association; they conducted projects based in Alabama, Illinois, Indiana, Michigan, and North Carolina.

[10] "Labor Mobility in Selected Geographic Areas: A Preliminary Report," MDTA labor mobility demonstration projects conducted by State employment security agencies, U.S. Department of Labor, Bureau of Employment Security, August 1965 (internal report), p. 4.

(*c*) *Virginia.*—The project population consisted of 500 recent MDTA graduates and an equal number of workers who had applied for MDTA training—many of whom were former coal miners. The supply area was four counties in the depressed coal mining region of southwest Virginia. Movement of workers was directed to other areas in Virginia.

2. Another type of project, designated, "type B," dealt with a sample selection in an area, generally taken from public employment service active files. There were four such projects:

(*a*) *California.*—The supply area was metropolitan San Diego which had substantial unemployment for the last 4 years.[11] The project population was obtained by drawing every 16th application card from the active file in the San Diego local office of the California State Employment Service. As of June 30, screening of cards in the file found 284 eligible for relocation assistance, 142 expressed a willingness to move, and 7 had already been relocated. Main receiving areas were to be Sacramento, San Jose, and Van Nuys.

(*b*) *Kentucky.*—The supply area was Floyd, Johnson, Martin, and Magoffin Counties in eastern Kentucky. These are coal mining counties and unemployment is substantially above the national average. The "population" was the active file of unemployed in the Prestonburg office of the Kentucky State Employment Service. Major placement areas were to be Louisville, Lexington, and other areas in Kentucky. By June 30, 2,169 workers had been screened, 878 were found eligible for relocation assistance, 630 expressed a willingness to move, and 54 had been moved or were in the process of being moved.

(*c*) *Montana.*—The supply area was Stillwater, Carbon, and Musselshell Counties which are located in separate parts of the State.[12] The project included 350 unemployed workers in the loal employment offices. Movement was to be elsewhere in the State and to surrounding States.

(*d*) *West Virginia.*—The supply area was Boone, Logan, McDowell, and Wyoming Counties, in the coal mining area in the southern part of the State. Unemployment rates as of June 1965 were for Boone and Logan, 11.5 percent; McDowell, 11.8 percent; and Wyoming, 7.3 percent. The project population was derived by taking a 20-percent sample of the active files in the employment service office in Logan and Welch.

3. In the third type of project, designated, "type C," the worker group was not selected for inclusion prior to project operation. Instead, they were recruited during the project on the basis of

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[11] The unemployment rate for 1964 was 7.5 percent.

[12] The cities of Billings, Anaconda, and Miles City are in the respective counties.

geographical location and interest in participating in the relocation project. There were two such efforts:

(*a*) *Illinois.*—A six-county area in southern Illinois was the supply area. These counties were similar to the areas involved in the Kentucky, Virginia, and West Virginia projects in that a primary industry was coal mining. The total project population was 783 workers selected on the basis of willingness to move. As of June 30, 1965, 458 met the eligibility criteria, 318 indicated a willingness to move, one move had been completed, and 22 moves were in process.

(*b*) *Missouri.*—The supply area was seven counties in the southeastern "bootheel" portion of the State. The area is agricultural, with many farmworkers affected adversely by mechanization of farm operations. There was a high percentage of low-income, underemployed farmworkers in the area. The project focused on these farmworkers. By June 30, 255 of a population of 300 workers had been screened, and 191 were eligible and interested. Farm jobs in other areas were found for 9 workers and 46 were placed in the local area.[13]

Several other projects included workers either recruited or volunteering for the project, in addition to a predesignated group of workers:

(*a*) *Minnesota.*—The supply area for the type B part of the project was a 15-county area in the northeastern part of the State. This area had high and persistent unemployment as a result of a declining demand for labor in the mining of iron ore. In addition to the 15 counties, the State made relocation allowances available elsewhere, but without publicity. By June 30, after the screening of the population, 36 workers were relocated or were in the process of moving.

(*b*) *New York.*—The supply area was Nassau and Suffolk Counties in Long Island. These counties include electronics, precision instrument, and aircraft manufacturing. The economy of the area depends to a major degree on defense spending. Many of the unemployed were laid off by Republic Aviation as a result of the completion of several defense contracts. Large numbers of those laid off had skills in demand elsewhere. The New York project included a potential of 2,000 ex-defense workers selected from local employment office active files. Other workers were included in the project on the basis of their interest in relocation.

A total of five other projects were conducted by private organizations. One, administered by the North Carolina fund, sought to relocate hardcore unemployed persons from six rural coastal plain counties of North Carolina to small industrial cities in the Piedmont areas of the State. The project moved mostly unskilled Negro tenant farmers and Indians. As of September 30, 1965, the project moved 278 persons.

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[13] An unusual feature of this project is that in none of the relocations did the worker request relocation financial assistance.

Another, conducted by Tuskegee University, focused on graduates of a training program as well as other workers recruited generally from rural Alabama areas. Virtually all were Negro. Over 100 were moved, the number for which the budget provided.

A third, conducted by Northern Michigan University, helped move MDTA training course enrollees from the Northern Peninsula to downstate Michigan and Wisconsin jobs.

ELIGIBILITY REQUIREMENTS FOR RELOCATION

Conditions for eligibility were the same for all these pilot projects and were as follows:

1. The worker must be involuntarily unemployed.[14]
2. The worker cannot be expected to secure full-time employment within commuting distance of his regular place of residence. This must be evidenced by a written certification supplied by the agency conducting the project.
3. He must obtain suitable employment or a bona fide offer of employment, affording a reasonable expectation of long-term duration in the area in which he desires to relocate. This must also be evidenced by a written certification supplied by the agency conducting the project.
4. He must be selected as a worker to be relocated and must file an application for relocation assistance allowance with the agency conducting the project.
5. He must relocate himself and his family, if any, within 30 days from the acceptance of his application.

Coverage of relocation allowances

Relocation assistance allowances were made available in the initial projects for the following expense items:[15]

1. Travel allowance was made to defray the cost of moving the worker and his family from the home area to the area of relocation. This allowance was to cover the cost of the most economical form of public transportation from the home area to the new area or, if the worker's own automobile was used, 10 cents a mile was to be provided for the usually traveled route between the home area and the new area with no additional allowance for family members traveling in the same automobile.
2. Household goods moving allowance was made for the transportation of household goods from the home area to the new location. The worker was to provide estimates from at least two moving firms regularly engaged in the shipping of household goods with the allowance to be equal to the lower of the two estimates.[16] If the worker used a trailer to transport his household goods, he was allowed 12 cents a mile to cover his automobile and trailer.

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[14] An involuntarily unemployed individual is one who is unemployed through no fault of his own; or unemployed for 6 or more weeks regardless of cause; or a member of a farm family with less than $1,200 annual net farm income.

[15] Eligibility requirements and coverage of relocation allowance were generally the same for all State labor mobility demonstration projects. However, there were some variations. For example, the Virginia demonstration project in some cases permitted payment of the cost of travel for a job interview. The projects must be viewed as being experimental in nature and oriented toward answering the questions mentioned on pp. 43, 44, rather than as programs designed exclusively to move unemployed workers.

[16] The allowance is not to exceed the cost of moving 7,000 pounds net weight for a worker and his family or 2,500 pounds net weight if the worker is single.

3. Temporary storage allowance was permitted to cover the actual expenses of storage of household goods for a period of up to 30 days.

4. Finally, a lump-sum allowance was provided to defray the cost of living expenses for the worker and his family, while traveling to the new location, and for incidental expenses pending the receipt of the first paycheck. The amount of the basic allowance was set at the national average weekly manufacturing wage, with an additional 50 percent of that sum for each member of the family, up to a maximum of three times the basic allowance.[17]

Method of payment

The relocation allowance (travel, removal of furniture, storage, and lump sum) ranged from 50 to 100 percent of the cost. The amount paid depended on whether the particular project provided for a grant, loan, or combination of both. Most projects provided for a 50-percent grant plus a 50-percent loan; several provided only loans or only a 50-percent grant. The loans were made available on an interest-free, repayment on a 3-year basis.

The financial assistance actually provided varied greatly by project, by distance of move, size of family, and amount of household goods. The average assistance was around $300.

It is necessary to emphasize that the description presented here is for the initial 16 demonstration projects, and that new projects currently being developed under the 1965 liberalized Manpower Development and Training Act will provide new variations.

THE VIRGINIA LABOR MOBILITY PROJECT

The Virginia project was designed to move unemployed workers out of southwestern Virginia into unfilled jobs in other areas of the State. Individuals were selected for relocation by local employment offices in Appalachia, Bristol, and Richlands. Relocation has been to such cities as Alexandria, Newport News, Norfolk, and Richmond. All of the relocation was within the State.[18] Movement was in only one direction—out of the depressed counties to areas where labor was needed.

Results of the Virginia labor mobility project

The Virginia project terminated on September 30. The results may be summarized as follows:[19]

1. The total number of workers screened for eligibility was 920. Of this number, 713 were eligible for assistance, and 648 expressed a willingness to move.

2. The number of workers who relocated amounted to 199. Of this number, 160 received relocation allowances.

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[17] An example is as follows: A worker with three dependents would receive a basic lump-sum allowance of $99.38 (current average national manufacturing wage) and an allowance of $149.07 ($49.69 by 3) for the dependents. The total lump sum is payable in the form of a grant (only one-half, or $125), a loan, or a combination grant and loan.

[18] This is to change under a second pilot project which will locate workers in other States as well as in Virginia.

[19] Information is furnished by Mr. Randolph Bruce, chief, Research, Statistics, and Information Division, Virginia Employment Commission, Richmond; and Mr. John Elliott, field supervisor, Virginia Employment Commission, Bristol.

3. The number of relocatees who returned to the supply area totaled 75. Of these, 59 received relocation allowances.[20]
4. One hundred and forty workers received a combination of grants and loans, and 20 received loans.
5. The total cost of relocation assistance allowances was $31,000. This is broken down into $1,891 for grants only and $29,128 for grants and loans. The average allowance per relocated worker was $193.87.
6. The average years of education completed by the relocated was 9.8. The number of relocated workers who were graduates of MDTA training courses prior to relocation amounted to 104.
7. The occupational categories of relocatees by total were: professional and managerial, 19; clerical and sales, 13; services, 26; agriculture, 5; skilled, 67; semiskilled, 20; and unskilled, 49.

The wage rates in the new jobs varied considerably. One worker received $400 a month as a routeman for a dairy. Another received $375 a month as a clerk-stenographer. A milling machine operator earned $2.77 an hour. The typical hourly wage ranged from $1.90 to $2.20 an hour. The lowest hourly wage was $1.25 an hour.

A sample of 52 persons who received relocation assistance revealed other characteristics.[21] Forty-six workers were males and six were females. The ages for the males ranged from 18 to 48, with the majority between 18 and 30. Five males were 40 and over. The ages of the females ranged from 17 to 28, with three being 18.

Two important characteristics of the applicants screened for the Virginia labor mobility projects deserve mention. The first pertains to the financial reserves of the applicants. Out of 466 applicants screened, 355 had no financial reserves, and 32 had less than $100. This would indicate that the cost of moving to an area where employment is available could be a major deterrent. Payment of these costs through relocation allowances may well be the key factor in reducing unemployment in problem areas.

The second characteristic pertains to the average length of unemployment of workers screened for the labor mobility project. Out of the same 466 workers, 101 had been unemployed from 4 to 14 weeks, 118 from 15 to 26 weeks, and 105 from 27 to 52 weeks.

THE WEST VIRGINIA LABOR MOBILITY PROJECT

The West Virginia mobility project was different from Virginia's in that unemployed workers were assisted to move to jobs outside of the State. Movement was from the coal mining counties of Logan, McDowell, Mercer, and Wyoming in southwestern West Virginia to out-of-State jobs secured by the West Virginia Department of Employment Security.

Out of 466 workers found eligible for relocation allowances, 225 expressed a willingness to move. Seventy-five workers were moved to out-of-State jobs. All but one received relocation allowances. The total cost of the allowances was $10,137.[22] The average cost of the relocations, exclusive of administrative costs, was less than $150. This was considerably lower than was anticipated and reflected the fact that 30 out of the 75 workers were single.

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[20] This means that out of 160 persons who have received relocation assistance, 59 returned home. Many of the returnees are single persons in their late "teens." Hourly wages of $1.25 and $1.50 an hour are offset by a much higher cost of living in some areas. This has been particularly true of females placed as nurse's aids at $1.25 an hour in Alexandria.

[21] The sample was obtained from the list of those persons who had received relocation allowances.

The 75 workers were placed in employment in the following States: Maryland, 34; New York, 24; Virginia, 6; Michigan, 6; Indiana, 3; New Jersey, 1; and Illinois, 1. All were males. The wages at the new job ranged from $1.16 an hour to $3.46 an hour. Two-thirds of the workers earned between $1.67 and $2.10 an hour. Only three of the workers had received MDTA training before moving to the new job.[23]

Thirty-seven of the 75 workers had been unemployed 52 weeks or longer prior to the move; eight had been unemployed from 26 to 52 weeks, eight had been unemployed from 15 to 26 weeks, and the remainder were unemployed for less than 15 weeks.

The ages of the relocatees ranged from 18 to 58. Twenty-three were over 40; 17 were between 30 and 40; 22 were between 20 and 30; and only 3 were less than 20. Forty had less than 9 years of education.

The rate of return was rather high. Approximately half of the relocatees have returned to the home area. No conclusions can be reached at this point, but on an a priori basis, two factors may be cited.

1. A considerable number have returned from employment in Maryland where the hourly wage was $1.67 an hour. Eighteen of the thirty-four workers placed in Maryland have returned to the home area. A number of workers have also returned from New York where the hourly wage was $2.01 an hour. Most of the men returning from Maryland employment are married. It appears likely that living costs compared to a salary of about $67 a week discouraged many workers from remaining in the new place of employment. The nature of the job (unknown) also could have been an inhibiting factor.
2. The transition from a rural mountain environment to an entirely new environment also could have been a factor responsible for the rate of return. There also may be some relationship between the average length of unemployment before moving to the new job and the rate of return. Twenty-two of the thirty-seven workers who were unemployed for a year or longer have returned to the home area.

THE KENTUCKY LABOR MOBILITY PROJECT

The Kentucky mobility project started on April 1. The project population was the entire active file in the Prestonsburg employment office at the end of February 1965. The population lived in four counties—Floyd, Johnson, Martin, and Magoffin—which have experienced a high rate of unemployment since the automation of the coal mines a few years ago.

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[22] Information is furnished by Mr. J. Harry Parker, director, Labor Mobility Demonstration Project, West Virginia Department of Employment Security, Charleston, W. Va. The information is as of the completion of the project date of Sept. 30.

[23] All of the workers were unemployed coal miners.

A brief summarization of the project is as follows:[24]

1. Total number of persons included in the population group	3,956
2. Total number screened for eligibility	2,028
3. Number eligible for the program	592
4. Number receiving relocation allowances[25]	23
5. Number receiving expense money for employer interview[26]	11
6. Number of relocateees returning home	4

Out of the 596 persons eligible for relocation assistance, 10 percent had finished high school, and 68 percent had never attended high school. Nearly half did not complete elementary school. The great majority had a history of long unemployment. With the exception of some who were graduates of various MDTA training courses, few had any experience or training that could be used.

Apparently there are two basic reasons why these persons remain in the area:

1. Many own a home debt free, live with parents, or live in rent-free houses. The home may not be modern, but it is a shelter. Electricity is cheap and public assistance provides food.
2. Family ties, which may be stronger than those elsewhere, keep many in the area.

Twenty-three persons received relocation allowances to move to new jobs, and four have returned to the home area.[27] The average payment per relocatee has been below $200 because most had little furniture to move.

Far fewer persons received relocation assistance allowances than in the other three State projects discussed in this study.[28] This may be partially explained by several factors.

1. The major expense item in moving—namely, the cost of moving furniture and other household goods—was virtually nonexistent, because very few of those eligible for relocation assistance had anything to move.
2. In many cases, the jobs in the Lexington and Louisville areas paid less than workers received by participating in the work experience and training program for unemployed fathers. This program is financed under title V of the Economic Opportunity Act.
3. As mentioned previously, many unemployed workers own their own homes and feel that the cost of living is cheaper in the home area.

THE NORTH CAROLINA FUND LABOR MOBILITY PROJECT

The Secretary of Labor contracted with the North Carolina Fund to conduct a mobility demonstration project for an estimated 200 workers—mainly poorly educated and low skilled Negroes and Indians—from six rural eastern counties into more prosperous areas of the State.

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[24] Information is provided by Mr. Samuel Evans, community employment program supervisor, Division of Employment Services, Frankfort, Ky.

[25] Thirteen of the twenty-three receiving relocation allowances had MDTA training prior to the move.

[26] Job placement efforts were concentrated in Lexington and Louisville.

[27] It is hard to give a precise time period. The cutoff date for the labor mobility demonstration projects was Sept. 30. However, some workers were still in the process of relocation as of that date.

[28] In North Carolina, the number was 278; Virginia, 160; and West Virginia, 74.

The counties involved were Craven, Edgecombe, Nash, Richmond, Robeson, and Scotland. The unemployment rate in these counties ranged from 5.9 to 12.5 percent.[29]

Financial assistance to the relocatees consisted of a lump-sum relocation allowance of $51.50 for a single person with no dependents up to a maximum of $178, plus one-half of the actual moving costs. This sum could be matched with an equal amount in the form of an interest-free loan. The total cost of relocation allowances for the 278 workers finally moved with such assistance came to $32,062.[30]

Sixty-five relocatees were gotten jobs in Charlotte and 120 in High Point. Employment in Charlotte was primarily at the Florida Steel plant; employment in High Point was at various furniture plants and textile mills around the city. Other receiving areas were Statesville and Salisbury, N.C., and Martinsville, Va.

In High Point, the North Carolina Fund rented an apartment building and turned it into a temporary residence for the relocatees who pay $13 a week for room and board. This has helped the relocatees to adjust to a new environment. The average age of those living at the residence is 18 or 19. Most have not had running water in their homes, and many have never been out of their home county before coming to High Point.

The attrition rate in High Point, so far, has been very low. There are several reasons which are as follows:

1. The provision of housing of the type mentioned above.
2. The provision of counseling service to the relocatees has helped to cope with the problem of homesickness.
3. The smaller size of High Point compared to other cities has reduced the cultural shock in coming from the rural areas.

Seventy percent of the workers receiving relocation allowances were males. The age range was 18 to 63, although the majority were under 30. About 10 percent were white, 35 percent Indian, and 55 percent Negro. Seventeen percent were illiterate. The starting salaries in the new jobs to which they moved ranged from $1.25 to $2.59 an hour, with the majority earning nearer the lower end of this range.[31]

As of the end of September 30, 278 unemployed persons had been relocated and 56 had left the job found for them. Of these 56, 11 returned to school, 10 obtained employment in their home area, 20 left for better wages and/or better working conditions in the new area or elsewhere in the State, only 9 returned to the home area, and the remainder were subject to such complications as the draft.

An outstanding positive factor of the North Carolina labor mobility demonstration project is that it reached the rural, unskilled, illiterate or semi-illiterate unemployed worker who has not been touched by other social welfare programs. Apparently, more of this type of unemployed person can be reached by a continuing relocation program, at least where there are tight labor market areas not very far away.[32]

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[29] The counties were suggested by the North Carolina Fund because it planned on conducting another program in the same area. Subsequently, the mobility project tried to focus on other counties with greater economic difficulties.

Most of the workers moved were not necessarily unemployed, but were in the eligible category of members of farm families with under $1,200 yearly income.

[30] This amount fell far short of the $180,000 which the Fund could have drawn on under its contract to finance the expenses of relocation. There were two reasons: The workers moved had fewer possessions than anticipated (many were single) and the Fund used its own minibuses and Army surplus trucks to do the actual moving.

[31] Information was provided by Mr. Robert Lofaso, director of mobility, North Carolina Fund, Durham, N.C.

CONCLUSION

The United States has undertaken a series of labor mobility demonstration projects, authorized by the Congress through amendments to the Manpower Development and Training Act. The aim has been to try to relocate a variety of groups of unemployed workers in various geographic settings, with close study of the process and the results. If it turns out that jobless workers in areas of high unemployment can, with financial, placement, and other relocation assistance, be successfully transplanted to areas with low employment—a relocation assistance program may well become a permanent part of the Government's employment policy.

The initial pilot projects were completed on September 30. New pilot projects are in the process of being developed. As the pilot projects have been limited and experimental in nature, no comparison can be made between them, and the well-established European relocation programs. The objectives, procedures, and settings of the projects varied considerably, from focus, as in North Carolina on moving low-income rural farmworkers to cities, to efforts in West Virginia to move unemployed coal miners to jobs in other States, to concentration in Utah on the movement of laid-off skilled workers.

The 1965 amendments to the Manpower Development and Training Act authorize further relocation pilot projects to permit the development of experience with still other approaches. Additional types of workers will be helped to move, and other types of assistance will be tried, both by State employment security offices and under the auspices of a number of other organizations, notably several universities.

Using the four labor mobility projects discussed above as a guideline, several general conclusions can be reached:

1. Relocation assistance coupled with effective job placement by the employment service can influence a number of workers to leave their home area. The cost of travel and the removal of furniture and other household effects can be a significant deterrent to mobility, particularly since a substantial number of unemployed workers possess no liquid assets. Also a cost of several hundred dollars to move to a job paying $80 a week would mean that the worker would in essence lose a month's salary if the cost of the move came out of his pocket.
2. The majority of workers moved were under 35, had less than a high school education, and were unemployed for at least 10 weeks prior to the move.
3. The rate of return to the home area was high at least in the case of the Virginia and West Virginia projects. The most important reason appears to be the expense of securing housing relative to the wage paid the worker. In Virginia, the average

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[32] Sixty-two percent of the relocatees have been single males in the 18 to 25 age range. Lack of available housing in several demand areas prevented men or women with families from utilizing relocation assistance.

of $1.25 which was paid to several females to work in Alexandria as nurses aids was offset by a much higher cost of living than in the home area. The major expense was housing.

However, the rate of return can be reduced by the provision of housing as is apparent in the North Carolina project. Also, a number of those who have returned home have secured employment.

4. Turnover at the new place of employment was high. However, the rate of turnover does not appear to be excessive when compared to the turnover of relocatees in Great Britain and Sweden. Many workers have found other jobs in the new area or elsewhere.

5. Most of the workers who received relocation assistance were employed in low-paying jobs. However, the comparison to the alternative of no or partial employment is quite favorable. In North Carolina, for example, the average weekly salary of those workers who moved to the High Point area is around $60 a week. Many of these workers did not earn as much as $500 a year in the home area.

However, the success of any relocation program depends upon the existence of a high level of employment in the areas to which the workers are moved. In North Carolina, the unemployment rate in such cities as High Point and Raleigh is around 2 percent. Furniture and textile plants in High Point are working 24 hours a day. The labor market in the Piedmont is the tightest since World War II. Yet, in the coastal plain of North Carolina, unemployment is high and much available work is low paying. The general labor shortage in the Piedmont area meant that jobs were easy to find for those who expressed a willingness to move from the coastal region. The payment of relocation assistance expedited the movement. It may also be added that many of those who received assistance were averaging around $5 a day in earnings when employed. It is hard to build a backlog of savings on such earnings.[33]

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[33] Americans are a mobile people in general. However, mobility is considerably enhanced by the possession of savings or the ability to secure a loan to finance the move. It is quite unlikely that unemployed or low-income workers can qualify on either count.

CHAPTER VI

CANADA

INTRODUCTION

Canada has had several relocation programs for a number of years. However, the use of relocation assistance as an employment device achieved major importance only this year with the manpower labor program which was announced in May. This program will be a comprehensive one covering all residents of Canada, and will apply to low income as well as unemployed workers.

In no other country used in the study is the problem of geographic distance more acute than in Canada. Many areas of population are 500 to 1,000 miles from any city of any size. The cost of moving in England, France, and even in Sweden will involve a distance of probably no more than a maximum of 400 miles with the average distance probably less than half of that. In the United States, much of the movement in the pilot projects was made within a State or to nearby States. However, in Canada, with a small population and a land area as large as the United States, almost any move will involve a considerable distance and cost.

STATEMENT OF PROBLEM

Although the Canadian unemployment rate is similar to that of the United States, the problem of regional unemployment exists. In 1964 the average unemployment rate for Canada was 4.7 percent. Broken down by regions, however, the unemployment rate was as follows: Atlantic, 7.8 percent; Quebec, 6.3 percent; Ontario, 3.3 percent; Prairie, 3 percent; and Pacific, 5.3 percent. As of September 30, 1965, the unemployment rate in Canada had declined to 3.6 percent, and the unemployment rate for the regions was as follows: Atlantic, 6.2 percent; Quebec, 4.9 percent; Ontario, 2.7 percent; Prairie, 2.7 percent; and Pacific, 3.9 percent.[1]

In Canada, there is a relatively high rate of seasonal unemployment. At its peak in the months of January, February, and March, unemployment averages some 300,000 higher than in the summer months. There has also been a secular decline in employment in three industries that have very large seasonal fluctuations in employment—agriculture, forestry, and fishing. Over the period from 1948 to 1963, employment in agriculture declined from 1,095,000 to 649,000 and employment in fishing and forestry declined from 105,000 to 83,000.

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[1] The Canadian measure of unemployment includes all those who are looking for work in a survey week and who did not find work. Also included are persons temporarily away from their jobs during the whole of the survey week and who are looking for work. In addition to the active seekers, there are included persons who would look for work except that they were: (1) temporarily ill; (2) on prolonged layoff; and (3) believe that no work is available in the community or in their particular skill. This group is referred to as inactive seekers. Persons on temporary layoff—subject to recall within 30 days—are also classified as unemployed. Thus, the Canadian measure of unemployment reveals two groups of unemployed persons—those seeking full-time work and those seeking part-time work. The Canadian labor force survey provides information on full- and part-time employment, the latter having relevance to the measurement of underemployment.

The problem of regional unemployment is limited primarily to the Atlantic region and portions of Quebec.[2] The economy of the Atlantic region has been geared to a resource base which has either eroded away or suffered from a lack of adequate demand. Unemployment in such primary industries as mining, forestry, fishing, and trapping—all of which are indigenous to the Atlantic region—has averaged 15 percent of total employment in these industries.

The annual average unemployment rates for Canada, and for the Atlantic and Quebec regions, afford an important comparison which is presented in table 16.

TABLE 16.—*Annual average unemployment rates in Canada, and for the Atlantic and Quebec regions, 1956–64*

[In percent]

Year	Canada	Atlantic	Quebec
1956	3.4	6.0	5.0
1957	4.6	8.3	6.0
1958	7.1	12.5	8.8
1959	6.0	10.8	7.9
1960	7.0	10.6	9.2
1961	7.2	11.4	9.2
1962	5.9	10.8	7.5
1963	5.5	9.6	7.5
1964	4.7	7.8	6.3

Source: Labor Force Survey, Dominican Bureau of Statistics, Ottawa. The unemployment rate for Ontario over the same period was less than half the rate for the Atlantic region, and the unemployment rate for the Prairie region (Manitoba, Alberta, Saskatchewan) was one-third of the rate for the Atlantic region. It also may be pointed out that unemployment in the Atlantic region may be understated because of the tendency on the part of the unemployed to withdraw from the labor force when there is little or no prospect of getting a job.

In 1963 the Area Redevelopment Agency was set up within a newly established Department of Industry to work with other Federal, Provincial, and municipal agencies, and with business interests in connection with problem areas. Thirty-five out of two hundred local labor areas were designated as development areas. Benefits given to manufacturing and processing enterprises locating in the designated development areas include important tax concessions which are as follows:[3]

1. Exemption of new enterprises from the Canadian corporate income tax for a period of 3 years following the start of commercial operations; and
2. An accelerated tax writeoff on investments in buildings, machinery, and equipment.[4]

RELOCATION ASSISTANCE

The Canadian Government has had, in effect, three separate programs of relocation assistance which are as follows:

1. The Government (National Employment Service) provides transportation assistance, including meals and lodging, on a non-

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[2] The Atlantic region includes the Maritime Provinces: Newfoundland, Nova Scotia, Prince Edward Island, and New Brunswick.

[3] The area redevelopment program in the United States as developed under the old Area Redevelopment Act and new Public Works and Economic Development Act does not allow tax concessions.

[4] A rate of 50 percent on new machinery and equipment on a straight-line basis is permitted compared to the normal rate of 20 percent on a diminishing balance basis.

recoverable basis, to unemployed workers in designated labor surplus areas, who move to employment in other areas.[5] The workers' dependents and household effects, including a mobile home, may be moved at public expense under this program. To be eligible, the worker must pass a means test—he must demonstrate his inability to pay such costs himself.

2. An employer wishing to recruit workers beyond commuting distance from his operation can authorize the National Employment Service to advance, on a refundable basis, travel expenses to selected workers to enable them to proceed to employment. This is done in connection with the regular clearance of labor through local offices of the National Employment Service. The employer has to reimburse the National Employment Service upon receipt of its account.

Frequently, employers who request the National Employment Service to advance travel expenses to workers are operating in new development areas such as Wabush in northern Quebec. There is no means test attached to transportation advanced on behalf of an employer. The employer may recover the advance from the worker by withholding it from his paycheck, but frequently the advance is forgiven if the worker agrees to remain for a specified period of time.

3. The third program under which workers are moved with all or part of their transportation paid is the Dominion-Provincial farm labor movement. Under this program, the workers pay part of the cost and the Federal and Provincial Governments share the balance. This program applies to workers recruited in one area in Canada to assist with the farm crops in another area. In recent years, workers have been recruited in the Maritime Provinces for employment in Ontario as farmhands, vegetable and fruit pickers, and as cannery and food-processing workers. There is also an annual movement within the Maritime Provinces which involves potato pickers who are recruited in New Brunswick to assist with the harvest in Prince Edward Island.

The manpower mobility program

The manpower mobility program, introduced by Prime Minister Pearson in May 1965, will supersede the movement at public expense of workers from designated areas, but the advancing of transportation costs on behalf of employers who authorize them will be continued, as will the seasonal movements under the Dominion-Provincial farm labor agreements. Under the new program, loans will be made available at interest rates which are not to exceed 6 percent, and in some cases grants, to workers for whom employment cannot be found in the home area, but can be found in another area. No means test will be required for eligibility.

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[5] Areas are designated as labor surplus areas when an industry cuts back or ceases production and there is insufficient demand in the area to absorb the workers affected by the layoffs. Frequently, they are one-industry towns. The designations are made for specific periods of time—3 months or 6 months—but before the end of the designation, employment conditions in the area are reviewed and a recommendation is made to the Minister of Labor to extend the designation for another period of time, or to allow it to expire depending on the employment situation.

The loans will be for the short-term unemployed and the grants for the long-term unemployed. In the case of loans, they will be available to workers with dependents to cover the cost of transportation of the worker and/or his dependents, the cost of transporting his household effects including the cost of moving a mobile home, and for resettlement allowances not to exceed $200 for the worker, $200 for his spouse, and $100 for each dependent other than the spouse, providing, however, that the total settlement allowance for a worker and his dependents cannot exceed $1,000. In the case of a worker without dependents, he will be eligible for a loan to cover his transportation and a resettlement allowance of up to $100.

A worker with dependents who qualifies for a grant will be eligible to receive the same benefits that are available to the worker who qualifies for a loan; however, if the worker is without dependents, he will be eligbile for a grant for his transportation only. If he requires funds for resettlement, he will be eligible for a loan for that purpose.

The manpower mobility program will be a comprehensive one covering Canada as a whole. It will be available to unemployed workers wishing to move to employment beyond commuting distance from their homes. More specifically, the program will apply to the following categories of workers:

1. Unemployed workers who find prospects for full-time employment to be unpromising in the home area;
2. Employed workers who are faced with the impending prospect of a permanent layoff and who have little hope of finding other employment in the home area; and
3. Previously unemployed workers who have moved to employment approved by the National Employment Service in another area, and who need assistance in moving their families and personal household effects.

Assistance will also be given to certain other groups of workers, including underemployed people, particularly in rural areas.

Under certain conditions, grants will be provided rather than loans to workers who qualify. The grants will permit added assistance to be given to workers whose incomes have been low or whose regular incomes have been interrupted for significant periods of time. The grants will not be made on a means test basis. They will be paid to the following three categories of workers to cover expenses of movement plus a resettlement allowance if families are involved:

1. Workers who have been unemployed for 4 or more months out of 6;
2. Workers who have completed training courses or vocational rehabilitation and reestablishment programs; and
3. Skilled workers now unemployed and needed by firms receiving financial assistance under the area development program, provided no qualified workers are available in the area.

The manpower mobility program will also cover marginal farmers who can obtain productive employment in another location. This group would be eligible for loans or grants upon the recommendation of the Ministry of Labor.

COST OF RELOCATION

The cost of moving workers and the number of workers moved have been small. There has been some variation in costs and movement over the past 5 years, since the Canadian unemployment rate has been decreasing. However, application of a means test and restriction of relocation allowances to only unemployed workers in designated areas has held down the number of potential relocatees.

The following tables present the cost of moving workers, the number of workers moved, the types of workers moved, and the areas and industries from which the workers were moved.

TABLE 17.—*Numbers moved and costs under the 3 transportation arrangements, 1960–65*

	Fiscal year				
	1960–61	1961–62	1962–63	1963–64	1964–65
Numbers moved:					
1. At public expense: [1]					
(a) Workers moved	271	75	78	44	28
(b) Dependents	570	202	303	359	207
(c) Household effects	208	108	99	94	71
2. Recoverable advances: (a) Workers moved	896	580	1,605	1,724	1,911
3. Dominion—Provincial farm labor agreements: (a) Workers moved	1,295	1,223	1,538	1,450	1,260
Cost:					
Public expense	$73,608	$36,103	$46,449	$47,781	$36,631
Recoverable advances	35,072	42,153	117,444	98,845	99,146
Farm labor agreements	10,170	11,184	9,947	7,337	6,496
Total cost	118,850	89,440	173,840	153,963	142,273

[1] Transportation at public expense has been provided for dependents and household effects of unemployed workers who have on their own account moved from labor surplus areas to employment, providing the worker is unable to pay such transportation costs, and providing the new employment is such as to offer reasonable prospect of permanent relocation.

Source: Information provided by the National Employment Service, Ottawa, Canada. Net Canadian Government cost can be computed by subtracting recoverable advances from total cost. For example, net government cost in 1964–65 is $43,127.

In table 18, the type of worker receiving relocation allowances and the areas from which the worker moved is presented. Only those workers moved at public expense are involved.

TABLE 18.—*Areas from which workers moved at public expense and types of workers moved*

Areas from which workers moved	*Types of workers moved* [1]
St. Johns, Newfoundland	Miners, iron ore.
Spring Hill, Nova Scotia	Miners, coal.
Drumheller, Alberta	Do.
Cornwall, Ontario	Workers engaged on the St. Lawrence Seaway.
Elliott Lake, Ontario	Miners, uranium.
Sydney, Nova Scotia	Miners, coal.
Fort William, Ontario	Miners, iron ore.
Sudbury, Ontario	Miners, nickel.
Port Colborne, Ontario	Nickel refinery workers.
Uranium City, Saskatchewan	Miners, uranium.

[1] Workers have been moved to any area in Canada where employment has been available. Efforts have been made, however, to find employment for them as close as possible to the area in which the layoff occurred. Workers such as maintenance mechanics and electricians, usually have found employment in their trades, but the miners have mostly taken employment in occupations quite unrelated to mining.

Source: Information provided by the National Employment Service, Ottawa, Canada. The period, 1960–65, is involved.

CONCLUSION

The use of relocation assistance as a device to move unemployed workers to areas where jobs are available has not been important as an employment policy device in Canada. In the fiscal year 1964–65, the total cost to the Canadian Government for its relocation programs was only $43,127.[6]

However, this situation has changed with the introduction of the manpower mobility program which encompasses all of Canada. Relocation allowances will be available to unemployed workers wishing to move to areas where employment is available, and other groups including low-income farmworkers from rural areas. The means test has been eliminated, and grants and loans will be offered to eligible workers. A graduated resettlement allowance of up to a maximum of $1,000 is also available.

The National Employment Service will be responsible for implementing the system of loans and grants to workers moving under the new program. The program announced in April of 1965 is still in its embryonic stages, and rules and guidelines are not in final form. However, it can be anticipated that much use will be made of the relocation provisions which now become available not only to unemployed in all areas of Canada, but to low-income groups as well.

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[6] The means test obviously restricted the use of relocation assistance to only a small group of workers.

CHAPTER VII

RELOCATION ASSISTANCE PROGRAMS IN OTHER COUNTRIES

INTRODUCTION

Norway, Holland, Belgium, West Germany, and Denmark also have relocation assistance programs.[1] These programs need not be presented in the same detail as those for the preceding countries for the following reasons:

1. The land areas of such countries as Belgium and Holland are so small that movement to jobs entails no significant transportation costs. The area of Belgium is 11,779 square miles, and the area of Holland is 12,616 square miles. The maximum length of Holland from north to south is 190 miles; its maximum breadth is 160 miles.[2]
2. The unemployment problems in these countries are similar to those experienced by the five countries used in the preceding chapters. All have certain areas in which unemployment is above the national average, and all have areas that are lagging behind the overall economic growth rate. There is much similarity, for example, between Norway and Sweden in that much of the unemployment and lack of growth is concentrated in the northern part of both countries, and considerable distances separate this part from the population centers and growth areas.
3. Although relocation assistance programs in these countries have been in existence for a considerable period of time, the number of workers moved is small with the possible exception of Norway.[3] A high level of employment exists in all five countries and all have inducements to attract industry into areas with unemployment.

NORWAY

Norway has a low rate of unemployment which currently is around 1.6 percent. The country has enjoyed economic prosperity over the past decade. However, regional development has been quite uneven, and unemployment in the fishing and forest industries in northern Norway is above the national average.[4] Northern Norway has lagged behind the rest of the country from the standpoint of economic growth, and many Norwegians still are tied to marginal farms in the area. Transportation to the population centers, such as Oslo, is a factor that works to discourage the location of industry in northern Norway.

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[1] Ireland and Spain also provide some form of relocation assistance.

[2] The combined area of Belgium, Denmark, and Holland is smaller than the area of Virginia. The area of West Germany is 94,000 square miles, but no region is far removed from population centers. Norway, however, presents an entirely different problem as it is a large country (125,000 square miles) with a long length (1,100 miles) and a small population (3,700,000). Norway is the most thinly populated of all European countries with the exception of Iceland.

[3] Holland and West Germany have had relocation assistance programs for at least 15 years.

[4] Seasonal unemployment is a very important problem in Norway. Unemployment during the winter months is at a rate twice the national average.

A considerable decline in employment in farming, forestry, and fishing is anticipated for the Norwegian economy over the next 5 years. There has been a decline in employment opportunities in rural areas and an increase in employment opportunity in urban centers. This is also expected to continue.[5]

Variations in employment opportunities between Norwegian labor market areas have created two major problems:

1. How to get workers to such areas as Bergen and Oslo, where job vacancies exist; and
2. How to create employment opportunities in areas affected by unemployment and underemployment.

Most manufacturing industries are located in the counties of Oslo and Bergen and the adjacent counties, while the remaining parts of the country are less industrialized and still have a considerable part of their labor engaged in industries with a low level of productivity, mainly agriculture and fishing.

Relocation assistance

Norway offers several forms of relocation allowances which are as follows:

1. *Travel allowance.*—A travel allowance is granted to a person who is unemployed or is likely to be unemployed in the near future, and who secures through the employment service employment in a place where labor is needed. This allowance includes the cost of travel to the new place for an interview and the cost of travel to the new job. Travel reimbursement is also made for journeys to the former place of residence for special reasons—serious illness or death of a close relation, or to visit his family in the event that housing is unattainable at the new place of employment.

   A person who has obtained travel allowances may also obtain travel allowances for each member of his family and a removal allowance for furniture and other household goods of up to 500 kroner.[6] The decision to give travel and removal allowances is made by the local employment service. The payment of removal allowances must also be approved by the county employment office.[7]

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[5] For administrative purposes Norway is divided into 18 rural counties and 2 city counties—Oslo and Bergen. During the 10-year period from 1951 to 1960 there was a net emigration from 13 of these counties amounting to 73,000 persons. The largest number of emigrants came from northern Norway (21,000) and the inland counties of Hedmark and Oppland (19,000). The counties showing net immigration were Askershus (26,500) and Oslo (22,000). According to forecasts which have been made, this geographical change will continue. One factor which may accelerate this development is the continued economic integration of Europe.

[6] The kroner is worth $0.14.

[7] In Norway, local employment offices cooperate with the county offices in administering travel and removal allowances. The funds for these allowances come from the unemployment insurance fund. Funds for family and starting allowances are provided annually under the central government budget.

2. *Family allowance.*—This allowance is payable to a worker who has received a travel allowance provided:

(*a*) The worker has to maintain two separate households (family housing is not available in the new place of employment);

(*b*) He is from a labor surplus area; and

(*c*) He takes employment in a district in which there is a shortage of labor in his industry.

The family allowance lasts for a maximum of 16 weeks. The basic allowance amounts to 250 kroner a month, with an additional 2 kroner a day for each dependent.

3. *Starting allowance.*—A person who has been granted a travel allowance may also receive a starting allowance of 400 kroner to help him to his first payday provided:

(*a*) He comes from a labor surplus area;

(*b*) He takes employment in a district where there is a shortage of labor in his industry; and

(*c*) The work lasts for a minimum of 6 months.

The granting of the starting help is decided by the local employment office after approval from the county employment office.

Cost of relocation assistance

In 1964 19,000 persons received travel and removal allowances amounting to 2,400,000 kroner; 300 family allowances were granted, the expenditure amounting to 197,000 kroner; and starting help, amounting to 200,000 kroner, was given to 500 persons.[8] Total labor market policies amounted to 78,600,000 kroner.[9]

A shortage of housing in the population centers—acute in Norway as well as other European countries—has probably reduced the number of persons who would otherwise apply for relocation assistance.

DENMARK

Denmark is a much smaller country than Norway with a land area of approximately 16,600 square miles. The population, however, is larger—4,665,800 as of 1963.

In Denmark, the geographical areas with problems of structural unemployment consist mainly of sparsely populated regions where agriculture is the main source of employment and where there is relatively little manufacturing industry. Such areas exist in North Jutland, West Jutland, South Jutland, Lolland-Falster, and various small islands. There is also considerable seasonal unemployment, particularly in the building trades. In 1963 unemployment in building and construction varied from 28.1 percent in February to 1.6 percent in August.[10]

The Danish Government provides loans, guarantees, and grants to local government authorities, private organizations, or individual firms for development of the problem areas. Subsidies are also provided for the development of industrial sites and the construction of sewers and roads in areas earmarked for industry.

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[8] In 1963, 15,750 workers received travel and removal allowances; 280 persons received family allowances; and 230 persons received starting allowances.

[9] Labor market expenditures included expenditures of 34 million kroner on public works, 25,900,000 kroner on vocational education, and 11,800,000 kroner on housing and building construction.

[10] OECD Manpower and Social Affairs Committee, Annual Reports, Denmark, Reply to questionnaire Mo (64) 10, Paris, August 1964, p. 13.

Relocation assistance

Denmark provides travel allowances, removal allowances, family allowances, and housing allowances to unemployed workers who must leave the home area to find employment. This assistance is also available to those workers who are likely to become unemployed in the immediate future.

Travel allowances involve the provision of travel fares and a per diem allowance to cover other costs of traveling. These allowances include travel not only when starting work in the new place of employment, but also for interviews by the potential employer. As is true also in Sweden, the Danish worker is able to look over the job before accepting or rejecting it. Removal allowances to cover the cost of moving furniture and other household items also are paid to the worker.

Family allowances also are provided to relocated workers for expenses incurred in maintaining two households. Moreover, special financial aid in the form of loans is given to the relocatee to purchase a home or to pay rent at the new place of employment.

In Denmark, the provision of travel fares and the per diem allowances while traveling, and the payment of removal expenses and family allowances, are paid out of government approved unemployment funds to those entitled to its benefits, or out of funds provided by the public labor exchanges.

Total cost of relocation assistance in Denmark has been as follows: 1960–61, 1,123,000 kroner; 1961–62, 1,301,000 kroner; and 1962–63, 1,338,000 kroner.[11]

HOLLAND

The land area of Holland is 12,616 square miles and the population is approximately 11,800,000. The problem in Holland is not so much one of unemployment, but one of uneven economic growth among regions. In some areas there is an acute shortage of labor.

For the purpose of area redevelopment, Holland is divided into three zones:

1. Development centers which are locations in which economic development must be stimulated;
2. Centers which are classified as having too great a concentration of both population and industry; and
3. Other areas of the country in which an economic balance has been achieved.

The consequence of historical developments has been a heavy concentration of population in West Holland.[12] A ring of cities including the three major ones—Amsterdam, Rotterdam, and The Hague—is concentrated in a small area in the west of the country. Rapid industrial development has occurred in this area.

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[11] The krone is worth $0.14.

[12] Because of the country's geographical position and lack of raw materials, the Dutch concentrated from the 16th century on shipping and trade.

In contrast to this well-developed area, several regions, especially in the North and East, have shown a relatively small population increase and a lagging average income, mainly because of the lack of development possibilities in agricultural activities.[13] This problem has been recognized and is the reason for the development of an area redevelopment program based on improving regional balance.

Relocation assistance

Relocation assistance is provided to unemployed workers who cannot be expected to find employment in their own area. However, this assistance has been selective in that only in exceptional cases is it provided to workers moving to the Randstad-Holland area (Amsterdam, Utrecht, Rotterdam, The Hague, and Harlem). More generous allowances are provided to workers who move to development centers than to those moving to other areas. Unmarried workers are not eligible for relocation allowances unless they are disabled.

In Holland, eligible categories of workers for receiving relocation assistance are as follows:

1. Unemployed persons who cannot find employment in their home area and who are offered employment elsewhere, provided that the new place of employment is not in the congested western part of the country called the Randstad-Holland area;
2. Unemployed workers who move to areas which are considered as development centers under the Government's area redevelopment program;
3. Key employees of manufacturing companies which move from the Randstad-Holland area to development centers;
4. Disabled unemployed who cannot find employment in the home area and who are offered jobs elsewhere;
5. Youths up to the age of 21 who wish to take an industrial apprenticeship and who cannot find a suitable company in the home area; and
6. Unemployed agricultural workers who move temporarily to areas with a shortage of seasonal workers.

Relocation assistance discriminates in favor of those workers who move to development centers. Allowances are more liberal. Workers moving to areas other than the development centers receive the cost of transportation to the new area, moving expenses, travel expenses to the new area for the worker's dependents, and a lump-sum payment of 240 guilder (about $66) plus 40 guilder for each child.[14] However, workers moving to development centers receive in addition to these allowances, 50 percent of the cost of board and lodging, or 50 percent of daily commuting expenses, for up to a year.[15]

In Holland, the National Employment Service is responsible for the application of the various relocation assistance measures. It is composed of the state employment office and the state office for additional employment. The state employment office is the national employment exchange composed of 86 district offices and 65 local offices.

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[13] Criteria for designation of development centers are as follows:

1. Decline of employment caused by a rationalization of agriculture.
2. A surplus of population resulting in a situation of unemployment.
3. The outmigration of manpower resulting in an aging of the population.

[14] The guilder is worth $0.26.

[15] These allowances are for married, able-bodied workers. Provisions for married disabled workers are similar except that the contribution toward the cost of board and lodging, or daily commuting expenses, is more liberal. Unmarried disabled workers may receive the cost of transportation to the new place of employment, moving expenses, and a lump-sum payment of 160 guilders (about $44).

Little of the relocation has entailed the payment of moving expenses; the employer was, until 1960, required to help finance the cost of moving.

The cost of relocation assistance has been minimal. From 1959 to 1963, a total of 2,331,000 guilders (about $610,000) has been spent on all assisted categories of workers exclusive of seasonal agricultural workers. The number of workers utilizing relocation assistance is small. This can be explained by several factors:

1. The exclusion of unmarried workers from receiving assistance;
2. The lack of knowledge of many unemployed workers about the assistance;
3. The lack of available housing in many of the development centers; and
4. The short distances involved in most moves.

BELGIUM

Belgium has an area of 11,779 square miles and a population of 9,200,000. About 16 percent of the population is located in the Brussels area. A language problem exists in the country, and difficulties arise from the political and religious contrasts between its Flemish and Walloon inhabitants.[16]

Unlike Holland, Belgium started its industrial production on the basis of coal. The development of heavy industry in the regions of Charleroi and Liege has been based on the presence of coal in these areas. However, as will be pointed out in the next chapter, coal mining is a mixed blessing to the Belgian economy.

Although the per capita gross national product is the highest of any country in the Common Market, and prosperity has been at a high level over the last decade, several problems exist in Belgium, which are as follows:

1. The rate of economic growth of the Belgian economy is the lowest of the Common Market countries.[17] The growth of per capita gross national product from 1955 to 1960 was as follows: Belgium, 11.6 percent; West Germany, 24.8 percent; France, 21.3 percent; Italy, 20.8 percent; and Holland, 15.6 percent. Projections to 1970 indicate that the Belgian growth rate will be below the average for the Common Market countries.
2. The rate of unemployment, although currently low, has been higher than the rate for West Germany, Holland, and France. In 1960, for example, the unemployment rate in Belgium was 4.3 percent as against 0.9 percent for West Germany, 1.2 percent in France, 1.2 percent in Holland, and 4.8 percent in Italy.[18]
3. Regional variations in economic growth and unemployment are considerable in Belgium. Underdeveloped areas, which also include declining industries, are the Provinces of East Flanders,

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[16] Two ethnic groups live in Belgium: namely the Flemings in the northern part and the Walloons in the southern part. The Flemish dialect is similar to the Dutch language and the Walloon dialect is similar to the French language.

[17] See "Area Redevelopment Policies in Britain and the Countries of the Common Market," U.S. Department of Commerce, Area Redevelopment Administration, January 1965, p. 51.

[18] The current unemployment rate in Belgium is 2.3 percent.

West Flanders, Luxembourg, and Limburg.[19] Unemployment has been the highest in West Flanders, East Flanders, and the Louvain arrondissement.

Relocation assistance

The use of relocation allowances to move unemployed workers from labor surplus areas is unimportant in Belgium. The reasons are rather apparent.

1. The distance involved in most moves would be small.
2. Belgian area redevelopment policy aims at stimulating economic development in the less prosperous areas. Industry is attracted to these areas through the use of low interest rates, tax exemptions, and the direct financing of industrial buildings by the Belgian Government. No area in Belgium is far removed from such population and market centers as Antwerp and Brussels.
3. Unemployed coal miners are moved under a separate program applicable to all Common Market countries.

The act of February 14, 1961, gave the Office National de L'Emploi the responsibility of assisting the relocation of unemployed workers, and the royal decree of March 20, 1961, gave the amount of relocation assistance available to unemployed workers. This assistance is not limited to workers who move from labor-surplus areas.[20]

Travel and removal allowances are available in Belgium. However, a worker has to move to a place at least 30 kilometers from his home before he is eligible, or be absent from his home area, if he is commuting, for a least 12 hours a day. The travel allowance includes the cost of travel for the worker and his family; the removal allowance covers the cost of moving furniture and other household goods; and a lump-sum allowance is granted to cover other expenses.

The number of workers receiving relocation assistance has been very small. The total expenditure on relocation assistance in 1962 amounted to 72,187 Belgian francs.[21] Total expenditures for 1963 were much less.

WEST GERMANY

West Germany is similar to Denmark, Holland, and Belgium in several respects. First of all, the unemployment rate has been very low and prosperity has existed over a considerable time period. Second, the geographical distances involved in moving to employment are not great.[22] No area in West Germany is far away from a large city or industrial conurbation.

Although the national rate of unemployment has been low—averaging around 1 percent of the total labor force over the last 5 years—certain areas of West Germany have had unemployment rates well above the national average. Since 1953, approximately 60 percent of the total number of unemployed workers lived in the Provinces of

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[19] Declining or stagnant industries include mining, food, clothing, leather, spinning, earthenware, coke, and cement.

[20] An unemployed worker in Belgium is eligible for relocation assistance if he cannot obtain in his home area a job of analogous nature and level to that which he occupied at the time of becoming unemployed.

[21] The Belgian franc is worth $0.02.

[22] West Germany has a land area of 99,000 square miles and a population of 57 million.

Schleswig-Holstein, Lower Saxony, and Bavaria.[23] Unemployment within these Provinces has been concentrated in the areas of Bayrischer Wald, East Friesland, and northern part of Schleswig-Holstein, the area around Kassel, and a few areas in the southeast of Bavaria. However, unemployment in these areas would be considered low by American standards.

In West Germany, redevelopment areas are selected on the basis of the following criteria:

1. Gross per capita production is 50 percent or less of the average for the country.
2. The number of industrial jobs per 1,000 jobs is one-third or less of the national average.
3. Outmigration in excess of 10 departures out of 1,000 inhabitants occurs yearly.

The redevelopment areas include all of Schleswig-Holstein, parts of Lower Saxony, certain agricultural areas along the western frontier, and agricultural areas in Bavaria and North Hessen.

Relocation assistance

Relocation assistance as a device to stimulate the mobility of unemployed workers is unimportant in West Germany. The overall unemployment rate has been low for the last decade, and areas with above-average unemployment are not far removed from more prosperous areas. This factor, coupled with the existence of a first-rate transportation system, has meant that companies can locate in just about any area in West Germany and still be close to markets. It also means that most unemployed workers do not have to go far to obtain employment.

Relocation assistance, however, is available to unemployed workers who have no prospect for employment in the home area, and workers who have received notice that they will be dismissed from employment. Subject to a means test, a worker and his family may receive travel expenses, a per diem allowance, an allowance for the removal of furniture and other household effects, a family allowance when housing is not available in the new area, and a starting allowance to take care of the family until the worker receives pay on the new job.[24] Allowances of up to 10 deutsche marks ($25), within any 26-week period may be made to meet the cost of jobseeking, and allowances are also available to pay for travel undertaken to take selection tests for a job or a training program.[25]

In West Germany, relocation assistance was of considerable importance in the early 1950's in connection with the resettlement of refugees from Eastern Europe. In the 1950's, relocation assistance was used to move unemployed workers from West Berlin to areas in West Germany where employment was available.

With the erection of the Berlin wall in 1961, a labor shortage has existed in West Berlin and a reverse movement of workers has occurred. To induce workers to take employment in West Berlin, the Berlin aid program provides relocation assistance. This assistance is available to anyone—employed or unemployed—whose skills are needed in West Berlin.

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[23] In 1962, out of a total annual average of 154.000 unemployed workers, 45,500 were located in Bavaria; 23,600 in Lower Saxony; and 8.900 in Schleswig-Holstein.

[24] The family allowance is really a weekly separation aid (Trennungsbeihilfe) which varies inversely to earnings, amounting to 55 to 60 percent of the weekly wage for those with relatively low wages and declining by steps to an amount representing about 8 percent for those with comparatively high earnings. These weekly separation payments also vary with the distance involved in the separation.

[25] The deutsche mark is worth $0.24.

In West Germany, the Federal Office for Placement and Unemployment Insurance and the Labor Offices of the Länder are responsible for the implementation of relocation assistance. The Federal institution is located in Nuremburg. It is subdivided regionally into 13 regional offices, which, in the main, correspond to the territories of the Länder of the Federal Republic, and locally into 210 employment exchanges with 539 branch offices. These cover the entire Federal territory, including West Berlin.

The cost of relocation assistance in West Germany for the period between 1960 and 1962 is as follows: travel and removal allowances, DM1,687,751 ($421,000); separation allowances, DM788,536 ($197,000); and special measures for workers in mines and the iron and steel industry, DM3,983,337 ($970,000).[26]

CONCLUSION

Belgium, Denmark, Holland, Norway, and West Germany provide relocation assistance to workers who are unable to find employment in the home area. Workers must be unemployed, or face the likelihood of unemployment in the near future. The assistance is normally restricted to workers residing in labor surplus areas, but the basic criterion—the inability to find employment—may transcend the actual location of the worker.

With the exception of Norway, distance is no barrier to labor mobility. Most unemployed workers can easily find employment in an area within commuting distance of their homes. High levels of prosperity have increased the ease of obtaining employment.

Lack of adequate housing is one factor which has probably held down the number of workers who might normally apply for relocation assistance. A shortage of labor, and general industrial congestion, has encouraged employers to locate in labor surplus areas. Holland has enacted legislation to check the growth of congested areas. Tax inducements and other incentives are used by all of the above countries to stimulate industrial location in the underdeveloped areas.

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[26] The special measures are included in the chapter on the European Coal and Steel Community.

CHAPTER VIII

THE WORKER READAPTATION PROGRAM OF THE EUROPEAN COAL AND STEEL COMMUNITY

INTRODUCTION

The European Coal and Steel Community was established in 1952 by the Governments of France, the German Federal Republic, Italy, Belgium, Holland, and Luxembourg as an administrative agency designed to pool the coal and steel resources of those nations.[1] It subsequently became the nucleus of the European Economic Community, established by the same six powers in 1957 to work for a common European market.

The basic objective of the European Coal and Steel Community was to create a competitive expanding economy in Europe through the elimination of all tariff barriers to the free flow of trade in coal and steel—products which accounted for 45 percent of Europe's volume of trade.[2]

The treaty which established the European Coal and Steel Community created the European social fund. The objective of the social fund was to provide better employment opportunities for coal and steel workers by promoting the occupational and geographical mobility of these workers. Specific aids were provided for workers whose employment was reduced or suspended as a result of the elimination of all barriers to the free flow of trade in coal and steel.[3]

It was clear to Schuman that the successful elimination of tariff and other protective barriers with a changeover to a competitive single market for coal and steel would bring with it shifts in production centers, greater productivity through technical development, and the elimination of marginal enterprises. These changes would, in turn, lead to unemployment.

The concept of readaptation was developed to meet this threat. Its aim was to insure that workers did not have to bear the brunt of the readjustments that had to be made once the Community came into being. Workers who lost employment when a coal mine was shut down would be assisted in securing employment in another mine, either in the same area or country, or in one of the other countries in the Community. A series of assistance measures were provided in the event of unemployment which became known as "readaptation."

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[1] The project for a European Coal and Steel Community was associated with Robert Schuman and came to be called the Schuman Plan. Schuman, who was the French Foreign Minister, suggested a pooling of heavy industrial resources and an elimination of tariffs in the core nations of Western Europe—France, Italy, West Germany, and the low countries. In April 1951, representatives of the six nations were ready to sign the treaty establishing the Community. They guarded themselves by providing that it was to come into effect only gradually during the 5 years following its ratification.

[2] Art. 4 of the treaty establishing the European Coal and Steel Community abolishes:

(*a*) Import and export duties, or taxes with an equivalent effect, and quantitative restrictions on the movement of coal and steel;

(*b*) Measures or practices discriminating against producers, among buyers or among consumers, especially as concerns prices, delivery terms or transport rates, as well as measures or practices which hamper the buyer in the free choice of his supplier;

(*c*) Subsidies or state assistance, or special charges imposed by the state, in any form whatsoever;

(*d*) Restrictive practices tending toward the division or the exploitation of the market.

[3] See art. 125 of the treaty establishing the European Coal and Steel Community. This article provides for relocation allowances to unemployed workers and establishes the conditions of eligibility.

READAPTATION

Readaptation measures were established in the provisions which established the European social fund. The fund provided assistance for occupational retraining, resettlement allowances, and compensatory payments to workers whose employment was temporarily or wholly terminated as a result of closure or conversion of their enterprise to other production.

The assistance which was granted in the case of resettlement allowances was contingent upon the impossibility of employing the unemployed workers otherwise than in a new occupation.

The assistance which was granted in the case of resettlement allowances was contingent upon the unemployed workers having been obliged to change their residence within the community and upon their having been in productive employment for at least 6 months in their new place of residence.

The European Coal and Steel Community Treaty was amended in 1960 to make readaptation available to all workers affected by radical changes in the demand for coal or steel—especially workers affected by mine shutdowns.[4] Readaptation provisions then became applicable under article 56 of the European Coal and Steel Treaty. This article provides the current framework within which readaptation is carried. If the introduction of technical processes or new equipment leads to a large reduction in labor requirements in the coal or steel industries, making it difficult in one or more areas to reemploy the workers discharged, the High Authority of the Community can grant nonrepayable assistance as a contribution to:

1. The payment of compensation to tide the workers over until they can get new employment;
2. The granting of resettlement allowances to the workers; and
3. The financing of technical retraining for workers who are led to change their employment.

Under the current readaptation program, workers whose jobs have been eliminated can receive the following allowances:

1. A tideover allowance between jobs, which is of two kinds—one for discharged workers remaining unemployed, and who receive payments on a descending scale; and the other for discharged workers undergoing occupational retraining who are paid 90 percent of their pre-layoff wages throughout 12 months;
2. A differential allowance which is paid to men accepting alternative employment at a lower wage than before; under this arrangement, the new wage is made up to 90 percent of the old;
3. A resettlement allowance is paid, as a single lump sum, to

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[4] The amended treaty is known as the Treaty of Paris.

workers who are obliged to move in order to take a new job; its purpose is to defray expenses incurred in settling elsewhere. This settlement allowance is over and above the cost of travel for the worker and his dependents and the cost of the removal of furniture and other household effects, both of which are refunded to the worker; and

4. Free training for a new job.

Two further forms of assistance are given in some countries but not in others:

1. Reimbursement of daily travel expenses if the worker has to take employment some distance from his home; and
2. A separation allowance for workers taking a new job which means that they cannot return home daily, thus involving them in additional expense.

Readaptation arrangements are not the same over the Community. There are some differences in both the tideover and differential allowances from the standpoint of the amount and the length of time for which they are payable, and also in the amount of the resettlement grant.[5] For example, the period for which the tideover or differential allowances are available varies from 1 to 2 years depending on the country or part of the country concerned.[6]

Readaptation expenditures

Over 1 coal miner in 10 in the 6 countries of the European Coal and Steel Community has received readaptation assistance since 1954. The total number of coal miners receiving readaptation assistance and the cost of readaptation assistance are presented in the following table:[7]

TABLE 19.—*Expenditures for readaptation authorized by the European Coal and Steel Community, 1954–64*

Country	Coal miners covered	Expenditures
West Germany	90,112	$24,530,000
Belgium	41,843	13,003,000
France	11,182	4,429,000
Italy	5,330	2,364,000
Total for Community	148,467	44,326,000

Source: General Reports on the Activities of the European Coal and Steel Community and other materials furnished by the Community. Assistance by no means is limited to unemployed coal miners. For example, from Feb. 1, 1964 to Jan. 31, 1965, out of 9,437 workers receiving readaptation assistance, 7,616 worked in the coal mines, 759 in the iron mines, and 1,062 in iron smelting.

There has been some reluctance on the part of coal miners to leave their home region. Originally, the Community had planned for extensive relocation of coal miners to the more efficient mines or to related industries. In France, for example, funds were approved to relocate 5,000 workers from the Centre-Midi region to the Lorraine region, but only about one-tenth of this number actually moved.[8]

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[5] In Belgium, the tideover allowance ranges from 10,000 to 12,500 Belgian francs a year. There is no fixed ceiling on wages for which a differential allowance is paid.

In France, tideover and differential allowances range from 1,000 to 1,200 French francs a month.

In West Germany, tideover and differential allowances range from 750 to 1,000 deutsche marks a month. The resettlement allowance is the same for all workers—750 deutsche marks for the worker and 250 deutsche marks for each dependent, with a maximum of 1,500 deutsche marks.

[6] The cost of readaptation assistance is borne jointly by the country involved and the social fund of the Community.

[7] Worker readaptation provisions are to be applied to Holland for the first time. The Dutch Government plans to utilize readaptation assistance in favor of 27,000 coal miners who will lose their jobs as a result of the partial closure of the Hendrik mine in Limburg. The assistance provided will total $1,380,000.

Under the European Coal and Steel Community program, member countries are required to contribute an amount at least equal to that contibuted by the Community itself for assistance to unemployed workers. In exceptional cases, as in the Belgian Borinage, the Council of Ministers of the Community may, by a two-thirds vote, authorize the Community to assume all expenditures.[9]

Reemployment of recipients of readaptation assistance

Very few unemployed coal or iron ore miners have had to take employment outside of their home country. A general labor shortage in each of the six countries has resulted in the reabsorption of the miners into the home economy.

Employers try, before laying off workers, to arrange for them to be signed on in another unit of the same company or at another enterprise in the area. In West Germany and Belgium, most of the coal miners discharged have been taken on at other coal mines, usually in the same area. In the Saar, for example, 90 percent of the workers who received readaptation assistance were reemployed in other mines in the area; however, in the Ruhr, only 60 percent were reemployed in other mines.

Unemployed iron ore miners have posed a more difficult problem. As of 1964, employment in the iron ore mines of Germany has at best stabilized, and has worsened in the French mines. Employment is expected to worsen in both countries. Mines are now being closed in southern Germany and in Lorraine.[10]

Many small mines in the western and Pyrenean ore fields of France have laid off workers. Alternative employment has not often been available, and most miners have to move to other areas to secure employment.[11]

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[8] As a result of this reluctance of many workers to move, increased emphasis has been placed on job retraining. Through the use of inducements, new industries have been encouraged to locate near the sites of inefficient mines.

[9] Community revenues are derived from a tax levied directly on coal, steel, and scrap iron enterprises in the six countries. The amounts contributed by the countries on a matching basis represent their sole contribution to the readaptation expenses. West Germany, France, and Italy, as might be expected, have been the major contributors. The contributions of Holland and Luxembourg have been negligible.

[10] Unemployment in the German mines occurred in Bavaria. A total of 540 workers lost their jobs in 1964. Most were retrained and transferred to jobs within Bavaria. In Lorraine, 400 workers lost employment in the iron ore mines, but most have been reabsorbed in other industries in Lorraine.

[11] This area has few industries and lacks the potential to attract industry. Geographical isolation from major French market centers is a handicap.

CHAPTER IX

CONCLUSION

The purpose of this study has been to examine the use of relocation assistance as a device to stimulate the geographical mobility of unemployed workers. The premise of the study is that there has been a one-sided solution as far as the problem of depressed areas is concerned—to bring jobs into the areas through the use of a wide variety of inducements to industry—and that more consideration perhaps should be given to moving the unemployed, or underemployed, worker to areas where employment is available. A balanced approach seems more desirable, particularly when it is apparent for one reason or another that some areas lack the resource base or are isolated from the mainstreams of economic activity.

The rationale for the use of relocation assistance is based on several factors:

1. The financial cost of moving can often be a significant deterrent to the geographical mobility of unemployed workers. It can be safely assumed that most of the unemployed have few or no liquid assets with which to finance the cost of transportation.
2. High labor demand in one locality can often be matched against excess labor supply in another area. Therefore, the benefits to society of moving the unemployed can more than offset the cost of their moving.
3. Jobs cannot always be brought to some depressed areas. Lucrative tax inducements and other concessions to attract industry can only go so far.[1] It is significant to note that unemployment in certain areas of many countries continues to remain high despite attempts at area redevelopment.

Relocation assistance programs used in this study are those used by 10 countries, and the European Coal and Steel Community. The programs of five countries have been presented in detail. The most important program in terms of the numbers of workers moved, the total cost, and the relationship to overall employment policy is used by Sweden. New programs have been adopted recently by France and Canada, while the United States has just recently completed a series of labor mobility demonstration projects aimed at demonstrating the effectiveness of relocation assistance under different settings.

In general, relocation assistance in each country covers the cost of transportation from the home area to the new place of employment, the cost of the removal of furniture and household effects, and a starting or settling in allowance. A family allowance is also given by some of the countries. A minority of the countries allow an unemployed worker assistance for transportation to look over the location and interview for a job, as well as furnishing the final cost of movement to the job. One country (Germany) places relocation assistance on the basis of a means test. In some countries, relocation assistance is not granted to workers moving to congested areas.

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[1] Prosperous areas can also offer inducements. Many states, for example, allow their communities to sell bonds to put up shell plants. Communities can also put up shell plants on their own.

In all countries, the number of workers receiving relocation assistance is small relative to the total number of workers who move. However, relocation assistance is limited only to those workers who are unemployed and who cannot secure employment in the home area.

Although unemployment is the basic criterion for receiving relocation assistance, several countries extend the assistance to workers who will become unemployed in the future and have no prospects for immediate reemployment in the home area. In some countries, low income is also a factor.

Relocation assistance is not necessarily limited to workers living in depressed areas. The key factor is the inability to find employment. However, most of the assistance does go to workers in depressed areas, as obviously the employment opportunities are fewer.

The following conclusions may be drawn from the study:

1. Lack of adequate housing is probably the main reason why more European workers have not utilized relocation assistance. Employment opportunities are usually in the areas with the most acute housing problems.
2. Reluctance to leave the home area seems to be a deterrent to mobility in most countries. However, this reluctance is limited to older workers with stronger family ties and attachments to the home area. Also, variations in cultural and religious patterns between regions may inhibit mobility, i.e., Flemish and Walloon regions in Belgium. Reluctance to move has also been noted in connection with the French coal miners in the Centre-Midi coal fields.
3. Lack of knowledge of the availability of relocation assistance also has kept down the number of workers who might otherwise utilize relocation assistance. In Sweden, where information pertaining to relocation assistance is publicized by all employment offices, workers become familiar with the benefits. In other countries, no particular publicity is given to the availability of the assistance.
4. In some countries—Canada and West Germany—the use of a means test has served to reduce the number of potential applicants.[2] Also, the amount of the allowances involved have not been sufficiently attractive to induce some workers to leave the home area. When allowances have been increased, as has been the case in Great Britain and Sweden, there has been an increase in the number of applicants for relocation assistance.
5. In several countries, distance is no problem. Problem areas are only a short distance from areas where employment is available. Many workers are able to live in their home area while commuting to work.
6. The rate of return to the home area after receiving relocation assistance seems to average around 20 percent for the coun-

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[2] Canada has eliminated the means test.

tries examined in detail. Also, there is considerable movement from job to job in the new area. A recent study of Swedish workers who had received relocation assistance indicated that less than 40 percent were still in their original jobs by the end of a year.[3]

However, it is necessary to point out that a high rate of return does not indicate that the relocation assistance has been wasted. Many of those who have returned home have secured employment on the basis of skills they learned at the job in the other area.

Shifting jobs also does not indicate the waste of relocation assistance. In many cases, the worker has secured a better job. Also, the worker is still employed, which was not true before he left his home area.

Lack of available housing is a factor which has been responsible for return to the home area. However, as is pointed out in chapter II, the rate of return of coal miners in Great Britain was reduced when certain towns began to provide housing.[4]

Relocation assistance has increased in importance in Great Britain and Sweden from the standpoint of financial outlays and the number of workers moved. Canada has dropped the means test and has broadened its program to cover both unemployed and low income workers in all of its territory. France has also broadened its program, with the creation of the national employment fund, which is designed to help workers adapt to structural changes in the French economy. The United States has recently introduced its labor mobility demonstration projects and plans to increase the number of projects into more areas in 1966.

In the United States, 16 labor mobility demonstration projects were authorized under the 1963 amendments to the Manpower Development and Training Act. These projects covered a wide variety of unemployed people. Approximately 1,200 persons have been moved in 14 States. Although the projects have been recently terminated, it is apparent that relocation assistance coupled with a job offer and effective placement by the employment service will induce many workers to move.

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[3] See p. 33.
[4] See p. 20.

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